

ANNUAL REPORT | 2011  
VETROPACK HOLDING LTD



<b>At a Glance</b>	01	Key Figures 2011
<b>Board of Directors' Report</b>	02	
<b>Interview</b>	06	An eventful year
<b>Impressions 2011</b>	08	
<b>Sustainability</b>	10	
<b>Company Reports</b>	13	Vetropack Ltd
	13	Vetropack Austria GmbH
	14	Vetropack Moravia Glass a.s.
	16	Vetropack Nemšová s.r.o.
	16	Vetropack Straža d.d.
	17	JSC Vetropack Gostomel
	19	Müller + Krempel Ltd
	19	Vetroconsult Ltd
<b>Vetropack Group</b>	20	
<b>Financial Reporting – Vetropack Group</b>	22	Consolidated Balance Sheet
	23	Consolidated Income Statement
	24	Consolidated Cash Flow Statement
	26	Changes in Consolidated Shareholders' Equity
	28	Consolidation Principles
	29	Valuation Principles
	33	Notes
	46	Ownership Structure
	47	Company Participations
	49	Auditor's Report
	50	Five Year Overview
<b>Financial Reporting – Vetropack Holding Ltd</b>	52	Balance Sheet
	53	Income Statement
	53	Remarks Concerning Closing Figures
	54	Additional Information
	55	Board of Directors' (BoD) Remuneration
	56	Management Board's (MB) Remuneration
	57	Board of Directors' (BoD) Proposal for the Corporate Profit Appropriation
	58	Auditor's Report
	59	Five Year Overview
<b>Corporate Governance</b>	61	
<b>Organisation and Glassworks</b>	72	Organisation
	76	Vetropack Glassworks

## At a Glance

### Key Figures 2011

		+/-	2010	2011
Gross Revenue	CHF millions	- 8.3%	642.6	589.4
EBIT	CHF millions	- 8.2%	84.2	77.3
Annual Profit	CHF millions	52.5%	38.7	59.0
Cash Flow	CHF millions	- 4.3%	122.6	117.3
Investments in Tangible Assets	CHF millions	47.0%	47.2	69.4
Investments in Intangible Assets	CHF millions	190.7%	5.4	15.7
Production	1 000 metric tons	2.8%	1 212	1 246
Unit Sales	billions	- 4.4%	4.36	4.17
Exports	%	-	40.2	39.6
Employees	number	- 0.1%	2 975	2 971

## Agenda

**2012** Annual General Assembly (Bülach)  
9<sup>th</sup> May 2012, 11:15

Semi-Annual Report  
29<sup>th</sup> August 2012

**2013** Press Conference (Bülach)  
26<sup>th</sup> March 2013, 10:15

Annual General Assembly (St-Prex)  
8<sup>th</sup> May 2013, 11:15



**Hans R. Rüegg**, Chairman of the board of Directors (left), **Claude R. Cornaz**, CEO (right)

## Board of Directors' Report

Dear Shareholders:

The 2011 fiscal year was characterised by a moderate level of economic growth. In this climate, Vetropack Group focused its sales activities on glass packaging that generates greater added value. All of its production facilities operated at full capacity. The Group also succeeded in replenishing its low inventories so as to be able to respond more flexibly to market requirements.

**Negative impact of the strong franc.** During the 2011 fiscal year, Vetropack Group generated consolidated gross revenue of CHF 589.4 million, down 8.3% on the previous year (2010: CHF 642.6 million) as a result of negative

foreign exchange differentials. However, in real terms, gross revenue was 1.6% higher than in the previous year, as negative foreign exchange differentials amounted to a substantial 9.9%.

Vetropack Austria GmbH expanded both its domestic and export business, making the largest single contribution to revenue in the 2011 fiscal year, at 32.0% (2010: 30.3%), with its two production facilities in Pöchlarn and Kremsmünster. Vetropack Straža d.d. generated 18.3% of gross revenue (2010: 18.6%). Vetropack's Ukrainian company contributed 13.0% to Group revenue (2010: 12.9%). The high rate of inflation in

Ukraine allowed JSC Vetropack Gostomel to increase its sales prices considerably. The contributions to revenue made by Vetropack Moravia Glass a.s. in the Czech Republic and Vetropack Nemšová s.r.o. decreased due to a growing level of intercompany business, with both production facilities increasingly manufacturing on behalf of their associated companies. The contribution to revenue by the production facility in the Czech Republic thus fell to 12.6% (2010: 13.6%), while that of the production facility in Slovakia stood at 6.5% (2010: 7.1%). Vetropack's Swiss company contributed 15.4% to consolidated gross revenue, remaining practically unchanged from the previous year (2010: 15.5%).

**Positive market development.** Following the general market stabilisation in 2010, demand across Europe began to rise during the year under review despite marked differences between individual regions. In Western and Central European countries in particular, the glass container industry benefited from this positive trend. New taxes introduced on alcoholic drinks checked consumption in Eastern Europe and, as a result, reduced demand for glass packaging.

In Eastern Europe, Vetropack Group expanded its product portfolio in order to effectively counter the decline in the spirits segment caused by high taxes.

Furthermore, all companies once again focused their efforts on working at full capacity and fostering long-standing, collaborative customer relationships both domestically and abroad.

**Production increased in order to build up inventories.** During the year under review, Vetropack produced 1,246,025 saleable tons of glass packaging, some 2.8% more than in the

previous year (2010: 1,211,991 tons). The increased production served primarily to replenish low inventories. All Vetropack facilities contributed to this increase in production capacity with the sole exception of Vetropack Austria GmbH, where cyclical repairs to the green-glass furnace in Kremsmünster resulted as expected in lower production.

**High-quality product mix instead of an increase in sales.** A total of 4.17 billion units of glass packaging were sold in 2011 (2010: 4.36 billion). This planned reduction helped Vetropack Group carve out capacity for the production of glass packaging that generates a higher margin. The targeted change to the product mix is the result not only of intensive market development but also customer-focused flexibility and extremely efficient production.

Domestic markets accounted for 60.4% of unit sales (2010: 59.8%), while export markets contributed 39.6% (2010: 40.2%).

**EBIT margin preserved.** Consolidated EBIT amounted to CHF 77.3 million (2010: CHF 84.2 million). This reduction can be attributed in particular to foreign exchange trends. The EBIT margin, however, remained virtually unchanged from the previous year at 13.1% (2010: 13.1%). Thanks to the improved product mix and price adjustments carried out on an ongoing basis, the added value rose as against the previous year. In contrast, the scheduled replenishment of inventories as well as value adjustments due to the replacement of machinery weakened profitability in the second half of the year.

**Sharp increase in annual profit.** Consolidated annual profit rose by 52.5%, from CHF 38.7

million in 2010 to CHF 59.0 million. Year-on-year (measured as at 31 December), liquid funds and internal loans reported significantly lower foreign exchange losses than in the previous year. Net exchange losses for 2011 amounted to CHF 4.4 million (2010: CHF 30.1 million).

**High level of liquidity.** At CHF 117.3 million, cash flow was 4.3% below the previous year's figure of CHF 122.6 million. The cash flow margin corresponded to 19.9% of gross revenue (2010: 19.1%). Despite the substantial investment, Vetropack Group succeeded in keeping net liquidity at the high level of CHF 33.9 million (2010: CHF 40.8 million).

**Solid balance sheet structure.** Despite the negative foreign exchange trend continuing, consolidated total assets rose to CHF 766.2 million (2010: CHF 714.7 million), an increase of 7.2%. Long-term assets amounted to CHF 420.9 million, 5.3% more than in the previous year (2010: CHF 399.7 million), while short-term assets increased by 9.6% to CHF 345.3 million (2010: CHF 315.0 million) due primarily to the necessary replenishment of inventories.

At CHF 569.0 million, shareholders' equity increased year-on-year (2010: CHF 546.5 million). Liabilities grew by CHF 29.0 million to CHF 197.2 million (2010: CHF 168.2 million). At 74.3% (2010: 76.5%), the equity ratio remained high.

As at the end of the year under review, Vetropack Group employed a workforce of 2,971 individuals (31 December 2010: 2,975).

**Investments.** During the year under review, Vetropack Group made investments totalling CHF 85.2 million (2010: CHF 52.7 million). The main focus of the investment programme was the replacement of a green-glass melting furnace

at Vetropack's Austrian production facility in Kremsmünster, which resulted in a 10% increase in melting output. In addition, glassblowing machines were replaced at several sites in order to improve furnace utilisation and boost capacity.

**PRISMA – Successful preparation for implementation.** PRISMA, the in-house project launched back in 2010 with the aim of standardising the IT landscape and harmonising all processes across the Group, reached its first milestone on 2 January 2012 with the successful rollouts at the Pöchlarn and Kremsmünster sites. Implementation of this investment-intensive project is of major strategic importance since it will enable Vetropack Group to shape its internal processes even more consistently and effectively.

**Vetropack share.** The corporate philosophy of Vetropack Group is characterised by long-term thinking and action. It is an approach that is appreciated by investors and shareholders in equal measure. Instead of maximising profits in the short term, the focus is on stable development in line with market conditions. During the year under review, the performance of the Vetropack share mirrored that of the SPI (Vetropack share: -7.6%, SPI: -7.7%).

**Increased dividend.** At the Annual General Assembly on 9 May 2012, the Board of Directors will propose fixing the dividend for the previous year at 70.0% of the nominal value. This corresponds to an increased gross dividend of CHF 35.00 (2011: CHF 30.00 plus CHF 15.00 centennial dividend) per bearer share and CHF 7.00 (2011: CHF 6.00 plus CHF 3.00 centennial dividend) per registered share.

**Share buyback completed.** The share buyback programme launched by Vetropack

Holding Ltd on 21 January 2009 in order to decrease capital was successfully completed at the Annual General Assembly on 11 May 2011. The programme as a whole involved 7.0% of issued share capital from bearer shares listed in the Local Caps segment of the SIX Swiss Exchange (17,601 bearer shares). On 11 May 2011, a decision was taken to cancel 14,306 bearer shares with a nominal value of CHF 715,300.00. 3,295 bearer shares with a nominal value of CHF 164,750.00 had already been cancelled by this point following a motion by the 2009 Annual General Assembly.

**Outlook for 2012.** There is no clear indication that the gradual market recovery seen in 2011 will continue at the same pace. We expect to see a slight improvement in the demand trend. This will apply in particular to the saturated countries of Western Europe, whereas demand in Central Europe is more likely to remain at the same level. In Eastern Europe, demand is set to increase with Poland and Ukraine hosting the European Football Championship in June 2012. However, it is still unclear as to whether this additional consumption will be covered by local production or by increased imports.

Reflecting this market climate, Vetropack Group will fully utilise its capacities and increase its sales volume slightly. Further price adjustments will be needed in order to cover rising energy and raw material costs. As in previous years, there is considerable uncertainty surrounding currency trends. In addition, Switzerland remains a highly challenging place to do business due to its cost structures. The strong franc is also benefitting competitors importing from neighbouring countries.

Repairs to a furnace at both the Straža (Croatia) and Pöchlarn (Austria) production facilities will

be among the biggest investments in the 2012 fiscal year.

**Thank you.** On behalf of the Board of Directors we would like to thank our employees for their outstanding commitment and hard work during 2011. We would also like to thank our customers, shareholders and business partners for their support and for the confidence that they have shown in us.

We would also like to offer our special thanks to Dragutin Špiljak, Managing Director of Vetropack Straža d.d. and a member of Group management, who has gone into well-earned retirement. Under his leadership the Croatian plant has developed into a key pillar of the Group. We wish his successor, Tihomir Premužak, every success and happiness in his new position.

St-Prex, 20 March 2012



Hans R. Rüegg  
Chairman of the  
Board of Directors



Claude R. Cornaz  
CEO



## 2011 – an eventful year

**Mr Cornaz, what characterised the 2011 fiscal year?** 2011 was, all in all, an eventful year and anything but mediocre. We celebrated three big anniversaries: 100 years of the Verrerie de St-Prex, 25 years of Vetropack in Austria and 20 years in the Czech Republic. It is unusual for a group of companies to be able to look back at such a long tradition – and we are proud of that.

**Can Vetropack now rest on what it has achieved?** Absolutely not. The last fiscal year has made that perfectly clear, because in Switzerland there were, for example, two events that simply did not belong in a year of celebration and joy. However, you can't always get what you want and you can't make an omelette without breaking eggs...

**What event are you thinking of?** I'm thinking of the precautionary recall of a 33 cl beer bottle because there was a danger that when opened there could have been glass chippings at the mouth of the bottle. The Swiss public was informed by our customers and the batch concerned taken off the market. At the same time we looked for the causes as well as defined and implemented measures to avoid such cases.

**And the other?** The other concerned slightly radioactive industrial dust from the facility in St-Prex. The measured values were extremely low and far below the maximum allowable limits. We have not yet been able to determine where this contamination came from but the investigations are still going on. Regardless, we are planning



Claude R. Cornaz, CEO of Vetropack Group:

"We remain on the ball and continue to work with our customers."

to install monitoring gates for recycled glass deliveries and will no longer accept deliveries of contaminated recycled glass, but instead notify the authorities. Similar systems are in use at waste incineration plants and in the scrap metal business.

**What significance did these two events have?** ...a very big one, because dealing with them was very time- and work-intensive... and that in a year when so many new things were demanding our full attention. One example is our decision to support the glassmaking machinery of Emhart Glass in the development of a new tempering process for glass packaging. This entails gaining experience in industrial production. A second is our in-house project PRISMA, which experienced its temporary high point with the rollout at our two facilities in Austria on 2 January 2012.

**Let's talk briefly about the PRISMA project...** PRISMA is more than an IT project – it means a change in system, allowing our Group to grow even closer together. In the last few months we have harmonised all of our processes and unified our key figures. That creates transparency. It helps us to make the right decisions and become even more efficient. A good example of this is our production planning and the optimal utilisation of our melting capacities.

**Why is that so important?** If melting capacities are not fully utilised this has a massive impact on the economic efficiency of glass production and pushes costs up. In addition, too many or badly planned changes in shape or colour mean production losses, which in turn hampers an optimal utilisation of capacity. Therefore it is important to plan capacities over long periods and across country borders.

**Speaking of economic efficiency, in 2011 Vetropack slightly increased capacity at many of its glassworks.** This was more a question of an optimisation than of an increase. In order to achieve better utilisation of capacity, we replaced glassblowing machines and integrated sensible enhancements during cyclical furnace revisions. The demand for glass packaging is increasing in Europe, especially in Eastern Europe. It may be slow and cautious, but at least we are able to work purposefully on further improving our product mix, without compromising our full capacity utilisation.

**What is your forecast for 2012?** The simple thing first: we will also be celebrating an anniversary in 2012. Our company in Ukraine, JSC Vetropack Gostomel, will be 100 years old. It is a pleasure to see how this glassworks is developing and how its significance in the market is growing. The way things are developing at the Swiss glassworks is less pleasing. The strong Swiss franc, aggressive competitors and the enormous cost pressure are a big challenge and will remain so for the next few months. It is not possible to predict exactly what will happen at this point in time. It remains to be seen how the rates will develop, but that doesn't mean that we are twiddling our thumbs. We remain on the ball and continue to work with our customers. Cooperative business relationships are very important to us, and in that respect we are on the right path, as the satisfaction analyses that we conducted with our customers in 2011 at some of our facilities clearly showed.

## Impressions 2011

### 1<sup>st</sup> Half Year

At the Ukrainian production facility in Gostomel, new twelve- and ten-station IS machines replace the existing smaller systems, meaning that both furnaces can now be operated to capacity. The twelve-station IS machine uses both a triple- and double-gob process. The modernisation programme is rounded off with the integration of new inspection machinery. In addition, the clear glass furnace is now equipped with the necessary technology to produce lightweight glass.

La Verrerie de St-Prex, located in the Canton of Vaud, Switzerland, celebrates its centennial. This glassworks is the original parent company of the Group, which is managed from Bülach. The centennial celebration together with business partners and representatives from the authorities marks the start of the festivities. This is followed by a celebration with employees at the Swiss sites in St-Prex and Bülach as well as an open day.

To commemorate the Swiss company's centennial, Swiss journalist Karl Lüönd researches the Group's history. His book entitled "Zeitgeist im Glas. In 100 Jahren von der Verrerie de St-Prex

zu Vetropack – Ein dynamisches Schweizer Familienunternehmen im Wandel von Technik, Markt und Umwelt" ["Spirit of the times in glass. 100 years from Verrerie de St-Prex to Vetropack Group – A dynamic Swiss family enterprise as reflected in technology, the market and the environment"] is published in German and French, with both versions containing an English summary. The PDF versions can be downloaded at [vetropack.com](http://vetropack.com) or [vetropack.ch](http://vetropack.ch).

Vetropack's Croatian plant is awarded the national CROPAK prize for technical achievements in the area of lightweight glass. On the podium stands a range of lightweight returnable beer bottles, the average weight of which has been reduced year after year, showcasing Vetropack Straža's technology and experience in this field.

Vetropack Nemšová s.r.o. wins the Slovak Gold Medal for quality. In the Services category, the company is being recognised for its extensive glass recycling activities.



## 2<sup>nd</sup> Half Year

25 years of Vetropack in Austria. Vetropack Group acquired the Pöchlarn glassworks in Austria in 1986, followed by the Kremsmünster plant a mere seven years later. A host of prominent guests gather to celebrate the anniversary at Vetropack's Pöchlarn factory on 16 September. Led by expert guides, the guests discover the versatility of glass as a material. All agree that glass packaging is indispensable for food and drink. The following Saturday sees the factory gates open to local members of the public.

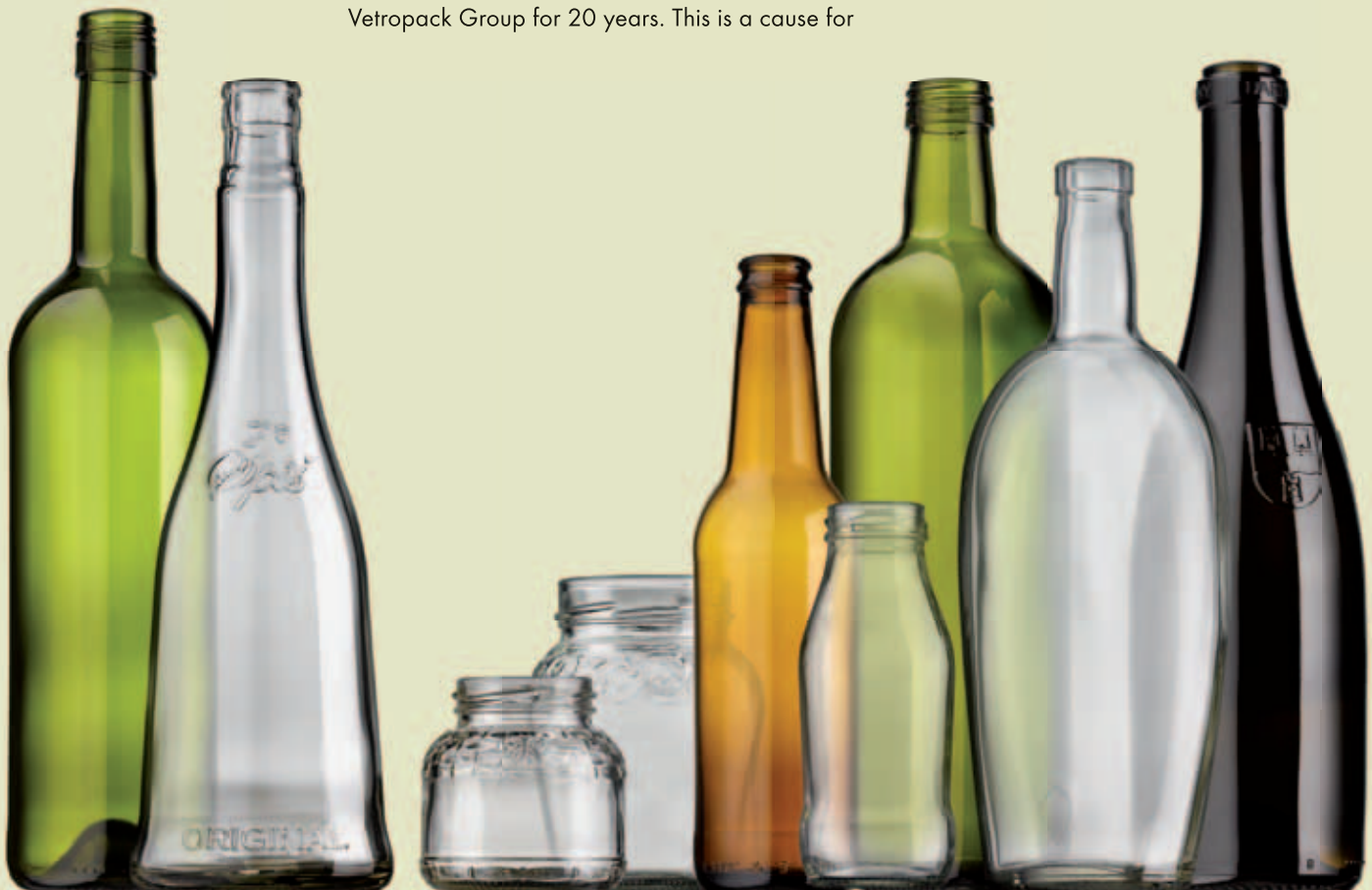
The renovation work at the recycling facility in Pöchlarn as well as the replacement and extension of a glass production line are completed in time for the 25<sup>th</sup> anniversary. No sooner has the final celebratory drink been finished off than repair work begins on the coloured glass furnace in Kremsmünster. Cyclical maintenance, repairs and modernisation are all part of everyday business. From the viewpoint of the Group as a whole, tasks like this are never completely finished.

Vetropack Moravia Glass a.s. has been part of Vetropack Group for 20 years. This is a cause for

celebration, with a gathering held for business partners and members of the authorities as well as an open day. To the public's joy, the open day was brought forward and combined with the popular carnival in Kyjov.

Vetropack Group presents compelling arguments in favour of lightweight glass at the Brau Beviiale exhibition held in Nuremberg. Lightweight glass technology allows glass packaging to be made lighter without compromising safety or quality, thus saving raw materials and cutting CO<sub>2</sub> emissions.

Vetropack announces its plans to collaborate with Emhart Glass, a manufacturer of glassmaking machinery, to test a process developed by the latter for tempering packaging glass. The testing is to be conducted under industrial production conditions. The innovative tempering procedure represents a milestone in the manufacture of more robust and more lightweight glass packaging.





#### Sustainability at Vetropack

### Where economic and environmental concerns meet

Energy efficiency and the preservation of resources form the solid foundations of the three-pillar model of sustainability to which Vetropack is committed. The three pioneering developments and technologies on which this report focuses in the 2011 fiscal year are representative of all activities in this area.

**Quicker smelting.** Preheating glass batch – the raw materials of quartz sand, sodium carbonate, lime, dolomite, feldspar – and cullet, by using the hot waste gas in the melting furnace, is an ideal way to save energy and reduce CO<sub>2</sub> emissions. After all, what is already hot does not need to be preheated and thus melts more quickly. Working closely with the companies Zippe, Horn Glass Industries and TNO Science & Industry, Vetropack has developed a latest-generation glass batch preheater, which it has operated successfully as a pilot facility in its Straža plant in Croatia. Following the repairs to the clear glass furnace, which are planned for 2012, the facility is set to be installed permanently and will preheat up to 320 tons of batch per day.

**What's new about it?** In previous preheaters, the mixture had to contain at least 60% cullet. The new process allows cullet to be used far more flexibly. That means that this technology can be used across the Group, because not every site has enough of its own cullet available to be able to add at least 60% to the raw material on an ongoing basis. The use of cullet also varies depending on the colour of the glass.

**Strong arguments for lightweight glass.** Glass has always protected its contents. Now Vetropack's lightweight glass packaging can do so while using even fewer resources: thanks to advanced production methods, glass bottles and jars are becoming lighter and lighter. Changes to the production process have made this possible. Instead of the blow-and-blow process, the narrow neck press-and-blow process is now used. To ensure that the thickness of the sides of a glass container is as uniform as possible and thin at the same time, a plunger is pressed into the liquid glass in the blank mould. Lightweight glass is ideally suited for use as disposable packaging.

**Saving made easy.** Reducing weight creates multiple savings, which in turn benefit the environment: fewer raw materials are required and thus resources are saved. At the same time, using far fewer materials and a high proportion of recycled glass as a secondary raw material also means a significant reduction in CO<sub>2</sub> emissions.

**An impressive achievement.** Lightweight glass technology enables thin-sided glass containers to be produced, which stand up well in comparison with conventional glass packaging in terms of stability and strength. Equally all the ecological advantages of glass are preserved: lightweight glass is 100% recyclable and is completely neutral in relation to the contents. Its lower weight also makes containers easier to transport.

**Revolutionary tempering process.** Emhart Glass, a manufacturer of glassmaking machinery, has developed a new technology for producing tempered packaging glass. Vetropack plans to test this method under industrial production conditions. The innovative technology increases the resistance of glass packaging to breakage and makes returnable packaging in particular more lightweight, benefits that are already being confirmed by initial pilot runs.

**Simply strong.** The new tempering process allows either a significant increase in resistance to breakage or a reduction in weight. In practice, both these properties will be combined as required. When tested by dropping onto a hard surface from a height of 1.5 metres, very few filled tempered bottles break, while conventional ones generally shatter. Tempered glass containers can be recycled like normal packaging glass.

**The countdown has begun.** The pilot thermal tempering facility will be installed in Vetropack's Pöchlarn plant in Austria in late 2012 with the industrial production process set to be launched shortly afterwards.

**A win-win situation.** All three technologies and processes outlined here are investments in the future from which everyone will benefit – manufacturers, customers and consumers. Now that is sustainability in action.

Clearly good	Conventional glass	Lightweight glass	Glass saved per million units	CO <sub>2</sub> saved per million units
Beer bottle A 330 ml	205 g	185 g	20 t	14 t
Beer bottle B 330 ml	200 g	175 g	25 t	18 t
Beer bottle C 330 ml	190 g	160 g	30 t	21 t
Wine bottle 250 ml	204 g	180 g	24 t	17 t
Wine bottle 750 ml	400 g	350 g	50 t	34 t
Wine bottle 1000 ml	500 g	420 g	80 t	55 t
Jar 720 ml	300 g	280 g	20 t	12 t
Jar 99 ml	127 g	116 g	11 t	7 t
Jar 3400 ml	1100 g	1050 g	50 t	31 t



Spirit of the times in glass. The first clouds of smoke were already rising from the furnace of the "Verrerie de St-Prex" glassworks eleven months after it was established by Henri Cornaz on 9 February 1911. The foundation stone of the Vetropack Group had been laid. The opening of the glass foundry was celebrated with a special bottle made at the factory. Setting the standards for glass packaging and standing out in the field – that's what the name Vetropack represents – yesterday, today and tomorrow.

## Company Reports

**Vetropack Ltd (Switzerland).** In the 2011 fiscal year, the revenue of Vetropack Ltd amounted to CHF 95.5 million, representing an 8.2% decrease from the previous year. Unit sales declined by 9.6% to 537.9 million units.

The big challenge for the Swiss Vetropack facility was the strong Swiss franc, which benefited imports of empty glass packaging as well as pre-bottled beverages and food from the EU area, but at the same time hampered exports out of Switzerland. In addition, marketing opportunities were severely limited by the bad grape harvest caused by the weather in 2010. Therefore a point was made in the reporting year of taking measures to improve the cost structure. The share of exports in total sales amounted to 21.1%. The production capacities of the facility were fully utilised.

With regard to recycling, Vetropack Ltd continued to strengthen its collaboration with its existing cus-

tomers, which include alongside communes, cities and authorities also manufacturers and bottlers from the food and beverage sector.

The Swiss St-Prex glassworks, the original parent company of Vetropack Group, celebrated its 100-year existence in the reporting year together with representatives of authorities, customers, suppliers, friends, employees and its neighbours.

In the interest of consumers, a clearly defined batch of 33 cl non-returnable beer bottles was recalled as a precautionary measure. The reason was a manufacturing inaccuracy at the mouth of the bottle. This concerted action was the first of its kind in the history of the Swiss company.

At the end of the 2011 fiscal year, Vetropack Ltd employed a workforce of 193 individuals (2010: 208).

### Vetropack Switzerland

	+/-	2010	2011		2010	2011
				<b>Sales by Market Segment (in unit terms)</b>		
Sales in CHF millions	- 8.2%	104.0	95.5	Wine/spirits	31.5%	35.9%
Unit sales in millions	- 9.6%	595.3	537.9	Beer/mineral water/carbonated beverages/juice	53.6%	46.9%
Exports in unit terms	-	21.5%	21.1%	Food	14.9%	17.2%
Production in tons	1.4%	104 297	105 752			

**Vetropack Austria GmbH (Austria).** The revenue of Vetropack Austria GmbH totalled EUR 167.0 million in 2011, representing a 6.4% increase on the previous year. Unit sales increased by 6.2% to 1,486.5 million units of glass packaging.

The increase in revenue and sales not only reflects the positive development in the economic situation, but is also the result of good customer

relationships. For decades Vetropack Austria GmbH has pursued a marketing philosophy centred on the customer and the customer's needs. Regularly conducted market and satisfaction analyses serve to detect changes early and enhance collaboration. The growth achieved, particularly in the beer and soft drinks segments, is the result of this philosophy espoused domestically and on the export markets.

Exports accounted for 37.1% of total sales.

Both of the Austrian Vetropack facilities in Pöchlarn and Kremsmünster operated at full capacity.

At the end of the reporting year, Vetropack Austria GmbH employed a workforce of 617 individuals (2010: 603).

### Vetropack Austria

	+/-	2010	2011		2010	2011
				<b>Sales by Market Segment (in unit terms)</b>		
Sales in EUR millions	6.4%	156.9	167.0	Wine/spirits	18.3%	15.9%
Unit sales in millions	6.2%	1 399.2	1 486.5	Beer/mineral water/carbonated beverages/juice	51.5%	57.2%
Exports in unit terms	-	33.5%	37.1%	Food	30.2%	26.9%
Production in tons	- 5.9%	337 938	318 147			
1 EUR = CHF		1.383	1.234			

### Vetropack Moravia Glass a.s. (Czech Republic).

In the 2011 fiscal year, Vetropack Moravia Glass generated a revenue of CZK 1,862.2 million. This is a pleasing development because the revenue remained almost stable despite the unfavourable economic situation. A total of 811.3 million units of glass packaging were sold.

Domestically, as a result of the fall in demand, the good figures of the previous year in the food and wine segments could not be matched. The beer and soft drinks segments experienced very positive development both domestically and on the export markets, owing, among other things, to the successful realisation of new projects with existing customers. Exports accounted for 46.4% of total sales.

In addition, special types of bottle and exclusive design models were developed in collaboration with major international customers and several national customers, which are already enjoying great popularity.

Thanks to the modernisation carried out in the previous year of a coloured-glass furnace and other facilities, production could be increased by 18.4%. The production capacity amounted to 198,984 tons in the reporting year. All capacities were fully utilised.

At the end of the fiscal year, the number of employees amounted to 461 (2010: 453).

### Vetropack Moravia Glass

	+/-	2010	2011		2010	2011
				<b>Sales by Market Segment (in unit terms)</b>		
Sales in CZK millions	- 0.9%	1 878.7	1 862.2	Wine/spirits	15.1%	15.8%
Unit sales in millions	0.1%	810.7	811.3	Beer/mineral water/carbonated beverages/juice	42.5%	41.8%
Exports in unit terms	-	49.3%	46.4%	Food	42.4%	42.4%
Production in tons	18.4%	168 020	198 984			
100 CZK = CHF		5.466	5.019			





As decorative as a carafe.

"Obal roku" is the name of the Czech packaging prize awarded to this wine bottle produced by Vetropack Moravia Glass. The bottle was developed for the Tereziánské sklepy (Theresian Cellars) wine company. Its simple elegance is achieved by means of the conical carafe shape, adorned by double ribbons. A circle is also engraved to hold the coat of arms of the wine company.

**Vetropack Nemšová s.r.o. (Slovakia).** In the 2011 fiscal year, the revenue of Vetropack Nemšová s.r.o. totalled EUR 47.7 million, 1.9% less than in the previous year. Unit sales of glass packaging declined by 5.2%, amounting to 414.6 million units.

Among the priorities of the Slovakian Vetropack facility were the full utilisation of all production lines and the optimisation of production costs. Detailed and ongoing improvement measures enabled both objectives to be achieved.

The recovery of the domestic economy is still very slow. However, thanks to rising demand, sales in the wine and beer segments were successfully increased. Vetropack Nemšová also

unrestrictedly maintained its leading position in its domestic market in the reporting year and supported numerous notable and internationally well-known manufacturers in the development of modern glass packaging. Extremely exclusive and high-quality bottle designs were created, especially for the spirits segment.

Exports accounted for 48.4% of sales. A rise in domestic orders could not entirely compensate for the 10% decline.

At the end of the 2011 fiscal year, Vetropack Nemšová s.r.o. employed a workforce of 351 individuals (2010: 357).

## Vetropack Nemšová

	+/-	2010	2011		2010	2011
				<b>Sales by Market Segment (in unit terms)</b>		
Sales in EUR millions	- 1.9%	48.6	47.7	Wine/spirits	40.1%	49.6%
Unit sales in millions	- 5.2%	437.2	414.6	Beer/mineral water/carbonated beverages/juice	29.0%	23.2%
Exports in unit terms	-	59.0%	48.4%	Food	30.9%	27.2%
Production in tons	0.7%	135 312	136 233			
1 EUR = CHF		1.383	1.234			

**Vetropack Straža d.d. (Croatia).** Vetropack Straža generated a revenue of HRK 697.0 million in the reporting year, corresponding to an increase of 6.5%. Unit sales declined by 2.2% to 920.3 million units of glass packaging. The production capacities were fully utilised.

The after-effects of the global economic and financial crisis are still being felt in Croatia. As such, tourism plays an important role in the development of the domestic market. 2011 was a markedly successful year for tourism, with

demand at an equally satisfactory level: the share of domestic sales in total sales increased to 33.4%. Exports accounted for 66.6% of sales, 50.3% of which went to the countries of the former Yugoslavia, which are also regarded as part of an enlarged domestic market.

In order to save energy and reduce CO<sub>2</sub> emissions, in the reporting year Vetropack Straža operated a pilot system for preheating batches and cullets using a furnace that is being revised

next year. The test system was a success. The definitive installation of a preheater for the glass to be melted is being prepared within the framework of cyclical repairs.

At the end of the 2011 fiscal year, Vetropack Straža employed a workforce of 586 individuals (2010: 582).

### Vetropack Straža

	+/-	2010	2011		2010	2011
				<b>Sales by Market Segment (in unit terms)</b>		
Sales in HRK millions	6.5%	654.2	697.0	Wine/spirits	16.5%	16.9%
Unit sales in millions	- 2.2%	941.0	920.3	Beer/mineral water/carbonated beverages/juice	67.3%	68.9%
Exports in unit terms	-	70.8%	66.6%	Food	16.2%	14.2%
Production in tons	4.9%	231 571	242 905			
100 HRK = CHF		18.978	16.587			

**JSC Vetropack Gostomel (Ukraine).** JSC Vetropack Gostomel in Ukraine generated a revenue of UAH 705.2 million, corresponding to an increase of 11.1% in comparison with the previous year. Unit sales amounted to 578.4 million units of glass packaging, 12.8% less than in the 2010 fiscal year. All capacities were fully utilised.

In the 2011 fiscal year, the Vetropack facility implemented significant price increases made necessary by the economic development. At the same time high-margin glass packaging was increasingly produced and sold. The share of exports in sales remained more or less stable at 9.8%.

Although the newly introduced tax on alcohol curbed consumption and as a result demand, a rise in sales was able to be achieved in the beer and wine segments. There was also positive development in the food segment; the current trend is for milk bottles made from glass.

JSC Vetropack Gostomel has had the first 12-section IS machine in the Vetropack Group since 2011, which can be used for both triple- and double-gob processes. In addition, a further possibility of producing lightweight glass was introduced in a clear-glass furnace.

As at the end of the year, Vetropack Gostomel employed 669 individuals (2010: 682).

### Vetropack Gostomel

	+/-	2010	2011		2010	2011
				<b>Sales by Market Segment (in unit terms)</b>		
Sales in UAH millions	11.1%	635.0	705.2	Wine/spirits	31.7%	34.8%
Unit sales in millions	- 12.8%	663.5	578.4	Beer/mineral water/carbonated beverages/juice	67.8%	64.5%
Exports in unit terms	-	9.2%	9.8%	Food	0.5%	0.7%
Production in tons	3.9%	234 854	244 004			
100 UAH = CHF		13.154	11.146			



Shower of gold in Cannes. The Slovakian Goral Vodka Master of GAS Familia s.r.o. won two golden prizes at once at the United Vodka Contest 2011: the Gold Star for glass packaging and a gold medal for the quality of the vodka. The bottle is a multicultural masterpiece: the glass experts at the Slovakian Vetropack plant worked hand in hand with specialists from White Russia and Austria.

**Müller + Krempel Ltd (Switzerland).** Vetropack Group's Bülach-based trading house Müller + Krempel Ltd generated a revenue of CHF 12.9 million in the 2011 fiscal year, of which 47.8% was generated in the retail sector, 26.5% from glass packaging for the food and beverage industry and 25.7% from glass and plastic packaging for the pharmaceuticals and cosmetics industry.

The three business segments experienced positive development in the reporting year.

All currency gains resulting from exchange rate changes were consistently and entirely passed on to the customers. Currency discounts totalled on average 12%. New customers were won thanks to an increased market presence. The continuous development of the product range also contributed to this, which was pressed ahead with as planned in all three business segments.

At the end of 2011, 15 staff members were employed at Müller + Krempel Ltd (2010: 15).

## Müller + Krempel

Revenue by Market Segment	2010	2011
Retail Trade	47.2%	47.8%
Food & Beverage	26.2%	26.5%
Pharmaceutical & Cosmetics	26.6%	25.7%

**Vetroconsult Ltd (Switzerland).** Vetroconsult Ltd comprises three divisions: Technology, IT and Consultancy. Technology and IT services are provided exclusively to Group companies, whereas consultancy services are also provided to third parties. The company's headquarters are located in Bülach. Consultancy services for Eastern Europe are based at the Vetropack Moravia Glass a.s. facility in the Czech Republic.

Among the Technology division's main activities were the planning and repairing of a coloured-glass furnace at the Austrian Vetropack facility in Kremsmünster as well as starting to plan the repairs to a clear-glass furnace at the Straža facility in Croatia. It was that clear-glass furnace that was involved in the successful test of a pilot system for batch and cullet preheating in the reporting year. The first triple-gob machine with twelve glassblowing sections within the Vetro-

pack Group was put into operation at the Gostomel facility in Ukraine. In addition, Vetroconsult worked closely with the glassmaking machinery manufacturer Emhart Glass, with the aim of testing a technology for the thermal tempering of container glass under industrial production conditions. For that purpose a pilot system is being installed at the Austrian Vetropack facility in Pöchlarn at the end of 2012. Owing to the sizeable in-house workload, no services were provided to third parties in the reporting year.

In the IT division, the focus was on supporting the IT infrastructure across the Group. Work also progressed on the Group-wide PRISMA project for the harmonisation and standardisation of the IT landscape.

At the end of 2011, Vetroconsult Ltd employed a staff of 31 individuals (2010: 28).

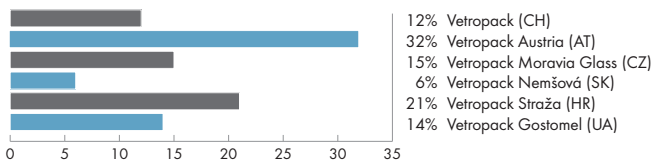
## Vetroconsult

Revenue by Division	2010	2011
Technical	45.5%	44.0%
IT	53.3%	56.0%
Consultancy	1.2%	0.0%

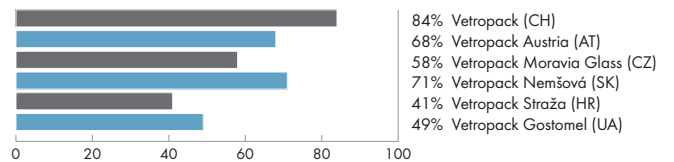
# Vetropack Group

Vetropack is one of Europe's leading manufacturers of glass packaging for the food and beverage industry with group management in Bülach (Switzerland). It runs state-of-the-art production facilities, as well as sales and distribution centres in Switzerland, Austria, the Czech Republic, Slovakia, Croatia and Ukraine. As a customer orientated company, Vetropack guarantees innovative packaging solutions, reliable product quality and just-in-time deliveries. Tailor-made glass from Vetropack gives a basis for a successful market performance of our customers' products.

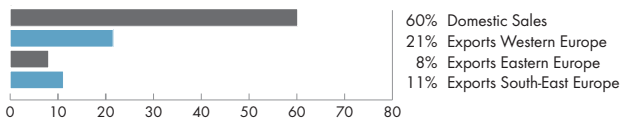
**Sales by Group Company 2011**  
(total 4.17 billion units)



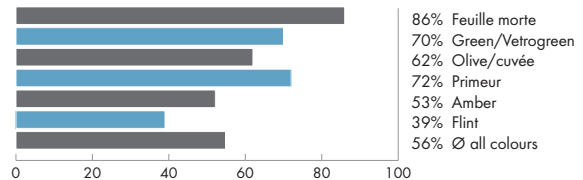
**Cullet Ratio for Glass Production 2011**  
(by Group Company)



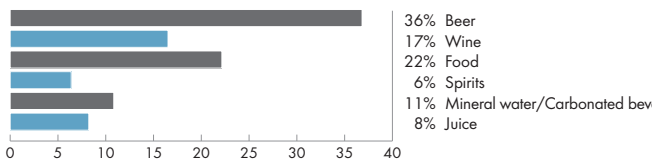
**Sales by Markets 2011**  
(total 4.17 billion units)



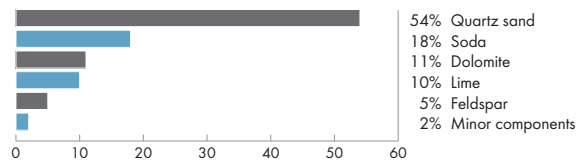
**Cullet Ratio for Glass Production 2011**  
(by Colours)



**Sales by Market Segments 2011**  
(total 4.17 billion units)



**Primary Raw Materials Ratio 2011**  
(excluding Cullets)





Preserve the moment. The soft, light curving of the body, wavelike like the play between hip, waist and shoulder – this is the motion that is captured by the Mikado bottle. The glass packaging produced at the Vetropack works in the Ukraine was developed for a drink combining grapes and plums. It is based on a Japanese recipe – hence its oriental name.

## Financial Reporting – Vetropack Group

### Consolidated Balance Sheet

CHF millions	Notes	31.12.2010	31.12.2011
<b>ASSETS</b>			
<b>Short-Term Assets</b>			
Liquid assets		90.3	113.4
Marketable securities		15.1	0.0
Accounts receivables	1	92.7	96.7
Other short-term receivables	2	13.1	17.7
Inventories	3	99.5	115.8
Accruals	4	4.3	1.7
Sub Total Short-Term Assets		315.0	345.3
<b>Long-Term Assets</b>			
Tangible assets	5	378.1	384.2
Financial assets	6	15.1	15.2
Intangible assets	7	6.5	21.5
Sub Total Long-Term Assets		399.7	420.9
<b>Total Assets</b>		<b>714.7</b>	<b>766.2</b>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
Short-term liabilities			
- Accounts payables		36.9	48.0
- Short-term financial debts	8	36.0	54.5
- Other short-term liabilities	9	16.6	15.8
- Deferrals	10	13.1	18.7
- Short-term provisions	11	2.9	3.6
Long-term liabilities			
- Long-term financial debts	12	28.7	25.0
- Long-term provisions	13	34.0	31.5
Sub Total Liabilities		168.2	197.1
<b>Shareholders' Equity</b>			
Share capital	14	21.2	20.5
Capital reserves		6.5	0.3
Own shares	15	- 16.3	0.0
Retained earnings		494.4	486.1
Consolidated annual profit		38.7	59.0
Sub Total Shareholders' Equity excl. Minorities		544.5	565.9
Minority interests	16	2.0	3.2
Sub Total Shareholders' Equity		546.5	569.1
<b>Total Liabilities</b>		<b>714.7</b>	<b>766.2</b>



### Consolidated Income Statement

CHF millions	Notes	2010	2011
<b>Gross Revenues</b>	23	642.6	589.4
Redemptions and transport costs	24	- 38.0	- 40.5
<b>Net Revenues</b>		604.6	548.9
Changes in inventories		- 13.0	13.3
Other operating income	25	9.8	10.4
<b>Income</b>		601.4	572.6
Raw materials and supplies costs	26	- 101.9	- 98.4
Energy costs		- 119.8	- 111.2
Personnel expenses	27	- 131.0	- 124.3
Other operating expenses	28	- 110.2	- 110.6
Depreciation of tangible assets	5	- 53.8	- 50.2
Amortisation of intangible assets	7	- 0.5	- 0.6
<b>EBIT (Earnings Before Interests and Taxes)</b>		84.2	77.3
Financial results	29	- 29.3	- 3.4
<b>Earnings After Interest</b>		54.9	73.9
Non-operating results*	30	0.3	0.7
<b>Consolidated Profit Before Tax</b>		55.2	74.6
Tax	31	- 15.3	- 14.3
<b>Consolidated Annual Profit Before Minority Interests</b>		39.9	60.3
Minority interest from Group companies		- 1.2	- 1.3
<b>Consolidated Annual Profit</b>		38.7	59.0

\* This includes depreciation of CHF 0.5 million on non-operating real estate and buildings (2010: CHF 0.5 million).

### Consolidated Cash Flow Statement

CHF millions	2010	2011
<b>Cash Flow from Operating Activities</b>		
Consolidated annual profit before minority interests	39.9	60.3
+ Asset depreciation	53.9	47.6
+/- Loss/gain from applying/removing impairments	1.1	3.6
+/- Loss/gain from applying the equity method	0.1	0.0
+/- Increase/decrease in provisions	- 2.2	- 1.6
+/- Loss/gain from disposals of tangible assets	0.1	2.2
+/- Other changes in non-cash items	29.7	5.2
<b>= Cash Flow</b>	<b>122.6</b>	<b>117.3</b>
+/- Decrease/increase in accounts receivables	- 15.1	14.9
+/- Decrease/increase in inventories	- 0.8	- 5.8
+/- Decrease/increase in marketable securities	13.3	- 18.7
+/- Decrease/increase in other receivables and accruals	- 7.9	- 2.7
+/- Increase/decrease in accounts payable	3.8	11.7
+/- Increase/decrease in other short-term liabilities and deferrals	- 2.6	5.3
<b>= Cash Flow from Operating Activities</b>	<b>113.3</b>	<b>122.0</b>
<b>Cash Flow from Investment Activities</b>		
- Cash-out for investments in tangible assets (Note 32)	- 47.2	- 69.4
+ Cash-in from sales of tangible assets	1.2	0.3
- Cash-out for investments in financial assets	0.0	- 0.2
- Cash-out for acquisitions of consolidated companies	- 0.4	- 0.2
+ Cash-in from sales of financial investments	0.0	0.2
- Cash-out for investments in intangible assets	- 5.4	-15.7
<b>= Cash Flow from Investment Activities</b>	<b>- 51.8</b>	<b>- 85.0</b>

in Mio. CHF	2010	2011
<b>Cash Flow from Financial Activities</b>		
- Dividend distribution to shareholders and minority interests	- 14.7	- 18.6
+/- Changes own shares	- 8.3	- 8.5
+/- Formation/repayment of short-term financial debts	- 9.3	18.9
+/- Formation/repayment of long-term financial debts	- 26.7	- 3.1
= <b>Cash Flow from Financial Activities</b>	- 59.0	- 11.3
<b>Foreign Exchange Differentials</b>	- 16.9	- 2.6
<b>Changes in Liquid Assets</b>	- 14.4	23.1
Liquid assets as per 1.1.	104.7	90.3
Liquid assets as per 31.12.	90.3	113.4
<b>Changes in Liquid Assets</b>	- 14.4	23.1
Cash-in from interest	1.9	2.5
Cash-out for interest	- 2.2	- 2.6
Cash-out for income taxes	- 17.1	- 10.9

## Changes in Consolidated Shareholders' Equity

CHF millions

	Share Capital	Capital Reserves (Agio)	Retained Earnings	Own Shares	Sub Total excl. Minority Share Interests	Minority Share Interests	Sub Total incl. Minority Share Interests
<b>Shareholders' Equity as per 1.1.2009</b>	21.4	6.5	503.7	0.0	531.6	0.4	532.0
Purchase of own shares				- 12.2	- 12.2		- 12.2
Capital decrease	- 0.2		- 4.0	4.2	0.0		0.0
Capital increase					0.0	1.2	1.2
Acquisition of minority interests			- 0.9		- 0.9	- 0.3	- 1.2
Annual profit			78.4		78.4	- 0.1	78.3
Foreign exchange differentials			- 0.3		- 0.3	- 0.1	- 0.4
Dividends			- 14.8		- 14.8		- 14.8
<b>Shareholders' Equity as per 31.12.2009</b>	21.2	6.5	562.1	- 8.0	581.8	1.1	582.9
Purchase of own shares				- 8.3	- 8.3		- 8.3
Capital decrease					0.0		0.0
Capital increase					0.0		0.0
Acquisition of minority interests			- 0.3		- 0.3	- 0.1	- 0.4
Annual profit			38.7		38.7	1.2	39.9
Foreign exchange differentials			- 52.7		- 52.7	- 0.2	- 52.9
Dividends			- 14.7		- 14.7		- 14.7
<b>Shareholders' Equity as per 31.12.2010</b>	21.2	6.5	533.1	- 16.3	544.5	2.0	546.5
Purchase of own shares				- 8.5	- 8.5		- 8.5
Capital increase	- 0.7		- 24.1	24.8	0.0		0.0
Capital decrease					0.0		0.0
Acquisition of minority interests			- 0.2		- 0.2	- 0.1	- 0.3
Annual profit			59.0		59.0	1.3	60.3
Foreign exchange differentials			- 10.4		- 10.4	0.1	- 10.3
Dividends		- 6.2	- 12.3		- 18.5	- 0.1	- 18.6
<b>Shareholders' Equity as per 31.12.2011</b>	20.5	0.3	545.1	0.0	565.9	3.2	569.1

The legally non-distributable reserves of Vetropack Holding Ltd amount to CHF 4.1 million (2010: CHF 4.2 million).

Keeping ahead of the game. Vetropack is committed to innovations in the glass packaging industry. A new hard glass process is currently being tested and optimised in cooperation with a partner. It will make glass packaging less breakable and lighter, as pilot production is already proving. From the end of 2012 Vetropack will test the process under industrial conditions at the Pöchlarn plant in Austria.



## Consolidation Principles

### *Basic Principles for Group Consolidation*

The consolidation of the group's financial statements provides a picture of the group's assets, finances and income, which corresponds to the actual relationships between them and regards the Vetropack Group as a single business entity.

Consolidated Group statements are based on financial statements for the year and are prepared in accordance with applicable national laws of each of the companies concerned. They are then converted in accordance with internal Group valuation and formatting principles. Financial statements conform to the regulations of Swiss equity law, as well as the principles of Swiss GAAP ARR (Swiss Accounting and Reporting Recommendations) in addition to accounting prescriptions set out in regulations for companies listed on the Swiss Stock Exchange.

Consolidated financial statements were approved by the Board of Directors during their meeting on 20<sup>th</sup> March 2012.

### *Consolidation Scope*

Consolidated Group statements include Vetropack Holding Ltd, as well as all domestic and foreign subsidiaries in which Vetropack Holding Ltd has a direct or indirect interest of more than 50%. In such cases, "Full Consolidation Method" is applied, i.e. assets, liabilities, expenses and incomes of consolidated companies are consolidated 100%. Whereby all intra-Group transactions are eliminated (accounts receivables and payables, incomes and expenses). Minority interests are posted separately in the balance sheet and income statement.

Holdings between 20% and 50% are included in Group accounts, and are carried out according to the "Equity Method". The Group's percentage share of net assets is reported in the balance sheet under Financial Assets. Percentage share of net income is stated in the Consolidated Income Statement.

Holdings below 20% are posted in the consolidated balance sheet at acquisition cost less any necessary value adjustments.

An overview of companies within Vetropack Group and methods used to consolidate them into Group financial statements is found on page 47.

### *Capital Consolidation*

Capital consolidation is carried out according to the "Purchase Method", whereby acquisition cost of an acquired company is charged against its net assets according to Group principles at the time of purchase. Any goodwill paid at the time of acquisition is charged directly to Group's reserves in acquisition year.

*Foreign Exchange (FX) Differentials*

Financial statements produced by foreign companies within the Group in their respective currencies are converted into Swiss francs as follows:

- Balance sheet figures according to the exchange rate valid at year end.
- Income statement figures according to the average annual exchange rate.
- Cash flow statement figures according to average and year end rates respectively.

Exchange rate differentials resulting from such foreign currency conversions are charged to Group reserves. Exchange rate differentials caused by converting transactions and balance sheet items in foreign currencies are recorded in the books of the respective Group company. Exchange rate differentials arising from Group loans in foreign currencies that have equity characteristics are debited or credited to the shareholders' equity.

	Average Exchange Rate		Year End Exchange Rate	
	2010	2011	2010	2011
EUR	1.38303	1.23355	1.24750	1.21560
CZK	0.05466	0.05019	0.04943	0.04714
HRK	0.18978	0.16587	0.16891	0.16128
UAH	0.13154	0.11146	0.11799	0.11676

### Valuation Principles

Financial statements for individual companies are consolidated into the Group's financial statements, and valued in accordance with uniform principles across the Group. The most important valuation methods for the individual balance sheet positions are as follows:

*Liquid Assets*

Liquid assets include cash, current account balances at banks and other financial institutions, as well as fixed term deposits with maturity of no more than 90 days. Liquid assets are valued at their nominal rate.

*Marketable Securities*

Short-term securities include marketable and easily realisable securities investments and term deposits with a maturity of three to twelve months. Securities are valued at market prices. Term deposits are valued at their nominal rate.

*Receivables*

Receivables are valued at their nominal rate. Value adjustments are carried out for identifiable individual risks. Experienced based country-specific value adjustments (2% to 15%) are applied to other risks.

*Inventories* Inventories are valued at either their acquisition or manufacturing costs. However, if the market price is lower, this figure is applied instead. Manufacturing costs include the cost of raw materials, individual production costs and a portion of allocated general overhead costs. The values used for items whose marketability is limited, are partially or entirely corrected according to their recognisable risks of loss. Inventories of intra-Group distribution are not assigned an intermediate profit. Discounts are recorded as reductions in the cost of goods.

*Tangible Assets* Tangible assets are valued at their acquisition or manufacturing cost less any applicable depreciation. Depreciation is linear over the expected useful life of the asset, taking residual values into account. The relevant depreciation periods are as follows:

Buildings	15 - 50 years
Production facilities	10 - 20 years
Machinery and furnaces	5 - 16 years
Vehicles	5 - 7 years
Office and other equipment	5 - 10 years

Assets of insubstantial value are directly expensed in the income statement upon acquisition. Intermediate profits arising from intra-Group asset transfers are eliminated.

*Leasing* Leased assets (financial leases) are reported as assets in the balance sheet. At the beginning of the contract, leasing payments are established by applying either the leased goods' purchase value or market value respectively. Alternatively cash value is applied if is lower. The corresponding liability toward the leasing grantor is carried as liabilities from financial leasing. Cost from rental agreements and operational leasing are recorded in the income statement.

*Financial Assets* Non-consolidated participations are recorded in the balance sheet at their proportionate equity or purchase values. Loans and marketable securities are recorded at their nominal values or purchase prices respectively less any applicable value adjustments.

*Intangible Assets* Intangible assets include brands, patents, licences, software and other intangibles. Acquired intangible assets are reported in the balance sheet at acquisition cost and are subject to linear amortisation over their estimated useful life. If it is impossible to determine the useful life of an intangible asset, it is generally amortised over a period of five years.

Licences, patents, brands	5 years
Software	3 - 5 years
Other intangible assets	5 years

Assets of insubstantial value are directly expensed in the income statement upon acquisition.



<i>Asset Impairment</i>	If there is evidence that the value of an asset has been impaired, an "Impairment Test" is carried out. If the test reveals that there is indeed an impairment of assets, the book value is reduced with a net income effect on the attainable value.
<i>Liabilities</i>	Short-term a.k.a. current liabilities are debts that are repayable within one year. When the due dates are beyond one year they are posted in the balance sheet under long-term liabilities. Liabilities are recorded in the balance sheet at nominal value.
<i>Provisions</i>	Provisions are formed when a legal or de facto obligation from past events has arisen. The outflow of funds to meet this obligation is likely, and provisionally its possible to estimate its' amount reliably. The future outflow of funds is reported in the balance sheet at nominal value. If necessary, it is discounted as per the balance sheet date.
<i>Taxes</i>	All tax obligations, irrespective of their due dates, are set aside. Ongoing income taxes are calculated on the basis of taxable income and reported in the balance sheet under Liabilities. Deferred taxes are calculated based on all temporary differences between the values from the tax statement and the operating values. Tax relevant losses carried forward are only taken into account if it seems possible to offset them against income. The country specific tax rates are applied when calculating deferred taxes. Deferred tax assets are reported in the balance sheet under Financial Assets and deferred tax liabilities under Long-Term Provisions.
<i>Derivative Financial Instruments</i>	Derivative financial instruments are valued for trading and hedging purposes at their current value. Derivative financial instruments that are held for other purposes are reported in the balance sheet according to the "lowest value" principle. Balance sheet relevant derivatives are reported under Other short-term receivables or Other short-term liabilities. Valuation changes are reported in the income statement.

Looking back. The Bülach preserving jar has today become an iconic collector's item. The era of preserving jars was characterised by supply shortages and this jar thus became a trademark for thrifty housekeeping. The first preserving jars were produced in Bülach in 1922. Production rose to 2.5 million jars per year during the Second World War.



## Notes

1. Accounts Receivables	CHF millions	31.12.2010	31.12.2011
	Gross receivables	103.1	106.2
	Value adjustments	- 10.4	- 9.5
	<b>Net receivables</b>	<b>92.7</b>	<b>96.7</b>

2. Other Short-Term Receivables	in Mio. CHF	31.12.2010	31.12.2011
	Receivables from subsidies *	5.0	4.9
	VAT (value added tax) credit	3.5	3.7
	Withholding tax credit	2.3	2.4
	Other short-term receivables	2.3	6.7
	<b>Total</b>	<b>13.1</b>	<b>17.7</b>

\* As in the previous year, this position contains a subsidy from the Czech Republic for an investment. In the previous year the amount of the subsidy was offset against the purchase price of the equipment. The conditions for payment of the subsidy were essentially met. However, the exact date on which the funds will be made available has not yet been specified.

3. Inventories	CHF millions	31.12.2010	31.12.2011
	Raw materials	12.8	14.6
	Materials and supplies	25.0	29.5
	Work-in-progress	0.8	0.9
	Finished goods, merchandise	83.5	98.4
	Advance payments	0.1	0.1
	Value adjustments	- 22.7	- 27.7
	<b>Total</b>	<b>99.5</b>	<b>115.8</b>

4. Accruals	CHF millions	31.12.2010	31.12.2011
	Ongoing income tax (credit)	3.6	0.0
	Other active accruals	0.7	1.7
	<b>Total</b>	<b>4.3</b>	<b>1.7</b>

5. Tangible Assets

CHF millions						
	Real Estate & Buildings Non- Operating	Real Estate & Buildings Operating	Furnaces Equipment Production Facilities	Other Tangible Assets	Advance Payments for Assets Under Construction	Total
<b>Acquisition Value</b>						
As per 1.1.2010	67.0	286.1	738.3	39.2	7.9	1 138.5
Additions		5.5	29.3	2.4	10.0	47.2
Disposals	- 1.8	- 1.1	- 10.6	- 1.1		- 14.6
Reclassifications	0.4	0.9	6.4	- 0.1	- 7.6	0.0
Foreign exchange differentials	- 0.5	- 36.0	- 100.2	- 4.4	- 0.8	- 141.9
As per 1.1.2011	65.1	255.4	663.2	36.0	9.5	1 029.2
Additions	1.9	4.9	15.6	1.9	45.1	69.4
Disposals			- 20.1	- 1.0	- 1.2	- 22.3
Reclassifications		0.4	14.4	0.3	- 15.1	0.0
Foreign exchange differentials	- 0.1	- 6.9	- 18.9	- 0.8	- 0.6	- 27.3
<b>As per 31.12.2011</b>	<b>66.9</b>	<b>253.8</b>	<b>654.2</b>	<b>36.4</b>	<b>37.7</b>	<b>1 049.0</b>
<b>Accumulated Depreciation</b>						
As per 1.1.2010	48.2	153.8	460.7	33.1	0.0	695.8
Ordinary depreciations 2010	0.5	8.1	42.3	2.4		53.3
Disposals	- 0.6	- 1.2	- 10.6	- 0.9		- 13.3
Reclassifications				- 1.2	1.2	0.0
Asset impairments***		0.2	0.9			1.1
Foreign exchange differentials		- 19.3	- 62.7	- 3.8		- 85.8
As per 1.1.2011	48.1	141.6	430.6	29.6	1.2	651.1
Ordinary depreciations 2011	0.5	7.4	36.9	2.3		47.1
Disposals			- 17.8	- 1.0	- 1.2	- 20.0
Reclassifications						0.0
Asset impairments***			3.6			3.6
Foreign exchange differentials		- 3.8	- 12.6	- 0.6		- 17.0
<b>As per 31.12.2011</b>	<b>48.6</b>	<b>145.2</b>	<b>440.7</b>	<b>30.3</b>	<b>0.0</b>	<b>664.8</b>
<b>Book Value</b>						
As per 1.1.2011	17.0	113.8	232.6	6.4	8.3	378.1
<b>As per 31.12.2011</b>	<b>**18.3</b>	<b>**108.6</b>	<b>*213.5</b>	<b>6.1</b>	<b>37.7</b>	<b>384.2</b>

\* This includes financial leases of CHF 0.0 million (2010: CHF 0.1 million).

\*\* This includes vacant real estate plots valued at CHF 6.5 million (2010: CHF 6.3 million).

\*\*\* These impairments concern the overstated useful life of obsolete buildings and production facilities.

As per 31.12.2011 payments on assets under construction amounted to CHF 1.6 million (2010: CHF 3.2 million).

## 6. Financial Assets

CHF millions	Note	31.12.2010	31.12.2011
Employer's contribution reserves	22	9.3	9.5
Assets from pension funds		0.8	0.9
Deferred taxes		3.0	2.9
Marketable securities		1.2	1.3
Participations in associated companies		0.5	0.5
Other financial investments		0.3	0.1
<b>Total</b>		15.1	15.2

## 7. Intangible Assets

CHF millions	Lizences, Patents, Brands	Software	Software in Development	Other Intangible Assets	Total
<b>Acquisition Value</b>					
As per 1.1.2011	0.0	5.2	5.0	1.2	11.4
Additions		0.1	15.6		15.7
Disposals		- 0.1			- 0.1
Reclassifications		0.3	- 0.3		0.0
Foreign exchange differentials		- 0.1	- 0.1		- 0.2
<b>As per 31.12.2011</b>	0.0	5.4	20.2	1.2	26.8
<b>Accumulated Amortisation</b>					
As per 1.1.2011	0.0	3.7	0.0	1.2	4.9
Ordinary amortisations 2011		0.6			0.6
Disposals		- 0.1			- 0.1
Reclassifications					0.0
Asset impairments					0.0
Foreign exchange differentials		- 0.1			- 0.1
<b>As per 31.12.2011</b>	0.0	4.1	0.0	1.2	5.3
<b>Book Value</b>					
As per 1.1.2011	0.0	1.5	5.0	0.0	6.5
<b>As per 31.12.2011</b>	0.0	1.3	20.2	0.0	21.5

In the framework of an ongoing group-wide IT project, internal labour in the sum of CHF 2.6 million (2010: CHF 1.0 million) was booked under the Software in development category.

The effects of a theoretically adding goodwill of CHF 39.3 million in 2006 to the balance sheet and amortising it over a period of five years would produce shareholders' equity of CHF 569.1 million as per 31.12.2011 (2010: CHF 547.8 million), and annual profit of CHF 57.7 million (2010: CHF 30.9 million). The goodwill would be fully depreciated as per 31.12.2011.

8. Short-Term Financial Debts	CHF millions	31.12.2010	31.12.2011
	Credits and loans	35.9	54.5
	Short-term leasing	0.1	0.0
	<b>Total</b>	36.0	54.5

9. Other Short-Term Liabilities	CHF millions	31.12.2010	31.12.2011
	Prepaid recycling fees	5.3	4.6
	Advance payments	1.3	2.4
	Liabilities to employees	3.5	3.6
	Other short-term liabilities	6.5	5.2
	<b>Total</b>	16.6	15.8

10. Deferrals	CHF millions	31.12.2010	31.12.2011
	Ongoing liable income taxes	0.6	6.1
	Unclaimed vacations and overtime compensations	4.4	4.7
	Other deferrals	8.1	7.9
	<b>Total</b>	13.1	18.7

11. Short-Term Provisions	CHF millions					
		Service Anniversaries	Legal Proceedings	Guarantee Warranty	Other	Total
	As per 1.1.2011	0.4	0.4	0.5	1.6	2.9
	Reclassifications					
	Formations	0.1	0.1	0.2	2.6	3.0
	Liquidations				- 0.2	- 0.2
	Utilisations		- 0.1	- 0.4	- 1.5	- 2.0
	Foreign exchange differentials				- 0.1	- 0.1
	<b>As per 31.12.2011</b>	0.5	0.4	0.3	2.4	3.6

12. Long-Term  
Financial Debts

This category comprises loans that fall due for repayment as follows:

CHF millions	31.12.2010	31.12.2011
Residual period		
- 1 to 2 years	16.4	12.7
- 3 to 5 years	6.9	11.9
- > 5 years	5.4	0.4
<b>Total</b>	<b>28.7</b>	<b>25.0</b>

The credits are bound to the financial covenants of their loan agreements. These were complied with during the entire reporting period.

13. Long-Term Provisions

CHF millions	Deferred Taxes	Service Anniversaries	Pensions	Other	Total
As per 1.1.2011	18.5	4.8	10.0	0.7	34.0
Reclassifications					0.0
Formations	0.6	0.4	0.3		1.3
Liquidations	- 2.7	- 0.1		- 0.2	- 3.0
Utilisations				- 0.1	- 0.1
Foreign exchange differentials	- 0.3	- 0.1	- 0.2	- 0.1	- 0.7
<b>As per 31.12.2011</b>	<b>16.1</b>	<b>5.0</b>	<b>10.1</b>	<b>0.3</b>	<b>31.5</b>

Deferred Taxes: As per fiscal year end losses carried forward stood at CHF 0.9 million (2010: CHF 16.9 million). The calculation of deferred taxes includes no losses carried forward (2010: CHF 3.4 million). The country-specific tax rates used in calculating deferred taxes range from 3.8% to 25.0% (2010: 3.8% to 25.0%).

Service Anniversaries: Provisions are formed in respect to remuneration for long service to the company as defined in the Employment Regulations. These provisions, which take into account country-specific corrective factors for the staff turnover, were discounted between 1% and 11% as per balance sheet date.

#### 14. Share Capital

The share capital is structured as follows:

CHF millions	31.12.2010	31.12.2011
233 837 Bearer shares (2010: 248 143) nominal value CHF 50.00 (Issued and paid in full)	12.4	11.7
880 000 Registered shares (2010: 880 000) nominal value CHF 10.00 (Issued and paid in full)	8.8	8.8
<b>Total</b>	<b>21.2</b>	<b>20.5</b>

The bearer shares (Security no. 622 761) are listed on the SIX Swiss Exchange, Domestic Standard, with a year end closing price of CHF 1,640.00 (2010: CHF 1,775.00. Their total capitalisation equalled CHF 672.1 million (2010: CHF 752.9 million). Each registered and bearer share holds one voting right.

<b>Major shareholders with &gt; 3% of voting rights</b>	31.12.2010	31.12.2011
Cornaz AG-Holding	63.8%	64.8%
Elisabeth Leon-Cornaz	5.0%	5.1%
La Licorne Holding SA	4.5%	4.6%
Paul-Henri Cornaz	3.6%	3.6%
<b>Total</b>	<b>76.9%</b>	<b>78.1%</b>

#### 15. Own Shares

During the year under review Vetropack Holding Ltd repurchased 4,504 of its own bearer shares (2010: 4,727), with a nominal value of CHF 50.00 each for an average price of CHF 1,888.16 (2010: CHF 1,748.12). In accordance with the resolution passed by the General Meeting on 11 May, 2011 14,306 bearer shares were destroyed. As per 31.12.2011 this category of shares no longer exists (2010: 9,802).

#### 16. Minority Interests

The proportion of shareholders' equity held by minority shareholders of JSC Vetropack Gostomel equals 16.1% (2010: 16.5%).

#### 17. Fire Insurance

Tangible assets are insured at their replacement value as follows:

CHF millions	31.12.2010	31.12.2011
Buildings	447.5	490.5
Furnaces, machinery and equipment, vehicles and furniture	1 223.5	1 167.9
<b>Total</b>	<b>1 671.0</b>	<b>1 658.4</b>



18. Off Balance Sheet  
Transactions

CHF millions	31.12.2010	31.12.2011
Recourse from drafts	5.0	5.0
Off balance sheet leasing	1.0	0.7
<b>Total</b>	<b>6.0</b>	<b>5.7</b>

Contingent liabilities are stated at their maximum amounts (full sum of liability).

The repayment structure of the off balance sheet leasing liabilities is as follows:

CHF millions	31.12.2010	31.12.2011
Maturity		
- 1 to 2 years	0.3	0.3
- 3 to 5 years	0.7	0.5
- > 5 years	0.0	0.0
<b>Total</b>	<b>1.0</b>	<b>0.8</b>

19. Pledged Assets

The following assets' book values are used as collateral to secure bank credits and mortgages:

CHF millions	31.12.2010	31.12.2011
Accounts receivables	11.4	9.9
Marketable securities	0.8	0.9
Real estate	10.0	9.7
<b>Total</b>	<b>22.2</b>	<b>20.5</b>

20. Derivative  
Financial Instruments

As in the previous year there are no derivative financial instruments.

21. Transactions with  
Closely Associated  
Persons

CHF millions	31.12.2010	31.12.2011
<b>Pension Funds</b>		
Accounts receivables	0.0	0.1
Accounts payables	0.8	0.0
Interest expenses	0.0	0.0
<b>Associated Companies</b>		
Accounts receivables	0.0	0.0
Accounts payables	0.5	0.3
Capitalised services	0.0	0.1
Service income	0.0	0.0
Equity income	0.0	0.0
Glass culets purchasing expenses	- 5.8	- 4.7
Maintenance and repairs expenses	- 0.5	- 0.3
Other service expenses	- 0.1	0.0
<b>Other Closely Associated Persons</b>		
Accounts receivables	0.0	0.0
Accounts payables	0.2	0.1
Investments in tangible assets	0.0	0.3
Distribution income	0.1	0.1
Packaging material expenses	0.0	- 0.8
Distribution expenses	- 1.0	- 0.1
Service expenses	- 0.1	- 0.3
Interest expenses	0.0	0.0
Tangible assets sales	0.0	0.0

The classification of "Other Closely Associated Persons" includes transactions with the following natural persons and legal entities, irrespective of the Vetropack Company in which they occurred: shareholders with voting rights of more than 20%, BoD members, MB members and all companies that are directly or indirectly controlled by these persons.

Transactions with closely associated persons and companies are handled on the basis of normal market terms and conditions.

## 22. Pension Fund

There exist various pension schemes within the Group, which are based on regulations of their respective countries. In Switzerland, these are contributor funded schemes in accordance with Swiss pension fund law; abroad they are state-guaranteed contribution-based pension schemes. The schemes are financed either through contributions to legally independent institutions and trusts or by registering the pension fund liability in the financial statements of the Group companies.

<b>Employer's Contribution Reserves</b> CHF millions	Company Sponsored Pension Funds	
	2010	2011
Nominal value 31.12.	12.6	12.7
Utilisation waiver 31.12.	0.0	0.0
Other value adjustments 31.12.	0.0	0.0
Discounting effects 31.12	- 3.3	- 3.2
Book value 31.12.	9.3	9.5
Changes	- 0.6	0.2

CHF millions	2010	2011
Key influential factors		
- Interest effect incl. change in discount rate	0.4	0.5
- Utilisation and other effects	- 1.0	- 0.3
<b>Total Change in Employer's Contribution Reserves</b>	- 0.6	0.2

### Assets and Liabilities from Pension Funds

CHF millions				
	Company Sponsored Pension Funds	Pension Funds with Excess / Deficiency Cover	Pension Funds without Own Assets	Total
Excess / deficiency cover 31.12.2011	4.0	0.0	0.0	4.0
Economic utilisation / liabilities 31.12.2010	0.0	0.0	- 9.2	- 9.2
Economic utilisation / liabilities 31.12.2011	0.0	0.0	- 9.1	- 9.1
Changes 2011	0.0	0.0	- 0.1	- 0.1
Contributions restricted to 2011	- 0.2	2.0	0.6	2.4
Pension expenses 2010	0.6	2.1	- 1.3	1.4
Pension expenses 2011	- 0.2	2.0	0.5	2.3

The values for pension funds of Swiss companies are based on previous years' financial statements, whereby all substantive decisions in the current fiscal year are taken into account.

CHF millions	2010	2011
Key influential factors		
- Changes in employer's contribution reserves	0.6	- 0.2
- Changes in economic utilisation / liabilities	- 1.3	- 0.1
- Pension fund contributions	2.1	2.6
<b>Total Pension Fund Expenses</b>	<b>1.4</b>	<b>2.3</b>

### 23. Gross Revenue

Consolidated revenue decreased 8.3% below the previous year. Foreign exchange differentials account for a decrease of 9.9%. Therefore real organic revenue growth amounts to 1.6%. Vetropack Group consists of two business areas: glass packaging and specialty glass.

CHF millions	Change		2010	2011
	Previous Year	Current Year		
Glass Packaging				
- Switzerland	- 1.8%	- 8.8%	99.5	90.7
- Austria	- 7.9%	- 3.2%	194.7	188.5
- Czech Republic	- 12.5%	- 14.4%	87.0	74.5
- Croatia	- 9.5%	- 9.9%	119.7	107.9
- Slovakia	- 6.9%	- 16.0%	45.7	38.4
- Ukraine	26.9%	- 7.6%	83.1	76.8
Specialty Glass	3.2%	- 2.3%	12.9	12.6
<b>Total</b>	<b>- 4.3%</b>	<b>- 8.3%</b>	<b>642.6</b>	<b>589.4</b>

24. Redemptions and Transport Costs	CHF millions	2010	2011
	Transport costs		35.3
Discounts, deductions and commissions		5.7	4.9
Change in value adjustments for accounts receivables		- 4.2	0.9
Other redemptions		1.2	1.3
<b>Total</b>		<b>38.0</b>	<b>40.5</b>

25. Other Operating Income	CHF millions	2010	2011
	Materials and energy sales		4.2
Ancillary services		1.6	1.2
Real estate management income		1.1	1.1
Internally produced additions to plant and equipment		1.1	3.6
Other income		1.8	0.6
<b>Total</b>		<b>9.8</b>	<b>10.4</b>

26. Cost of Raw Materials and Merchandise	CHF millions	2010	2011
	Raw materials		91.6
Merchandise		10.3	11.6
<b>Total</b>		<b>101.9</b>	<b>98.4</b>

## 27. Personnel Expenses

CHF millions	2010	2011
Wages and salaries	101.3	97.2
Social benefits	25.7	23.9
Other personnel expenses	4.0	3.2
<b>Total</b>	<b>131.0</b>	<b>124.3</b>

## Employee Headcount

	Change		31.12.2010	31.12.2011
	Previous Year	Current Year		
Switzerland	2.1%	- 3.8%	293	282
Austria	- 0.7%	2.3%	607	621
Czech Republic	0.7%	1.8%	453	461
Croatia	0.3%	0.7%	583	587
Slovakia	- 1.1%	- 1.7%	357	351
Ukraine	- 3.9%	- 1.9%	682	669
<b>Total</b>	<b>- 0.8%</b>	<b>- 0.1%</b>	<b>2 975</b>	<b>2 971</b>

## 28. Other Operating Expenses

CHF millions	2010	2011
Maintenance and repairs	27.3	25.4
Moulds	18.8	17.3
Packaging material	27.9	26.4
Other administrative and operating expenses	36.2	41.5
<b>Total</b>	<b>110.2</b>	<b>110.6</b>

## 29. Financial Results

CHF millions	2010	2011
Interest income	2.2	2.5
Interest expenses	- 1.8	- 1.9
Currency income*	- 30.1	- 4.4
Results from associated companies	- 0.1	0.0
Other financial income	0.5	0.4
<b>Total</b>	<b>- 29.3</b>	<b>- 3.4</b>

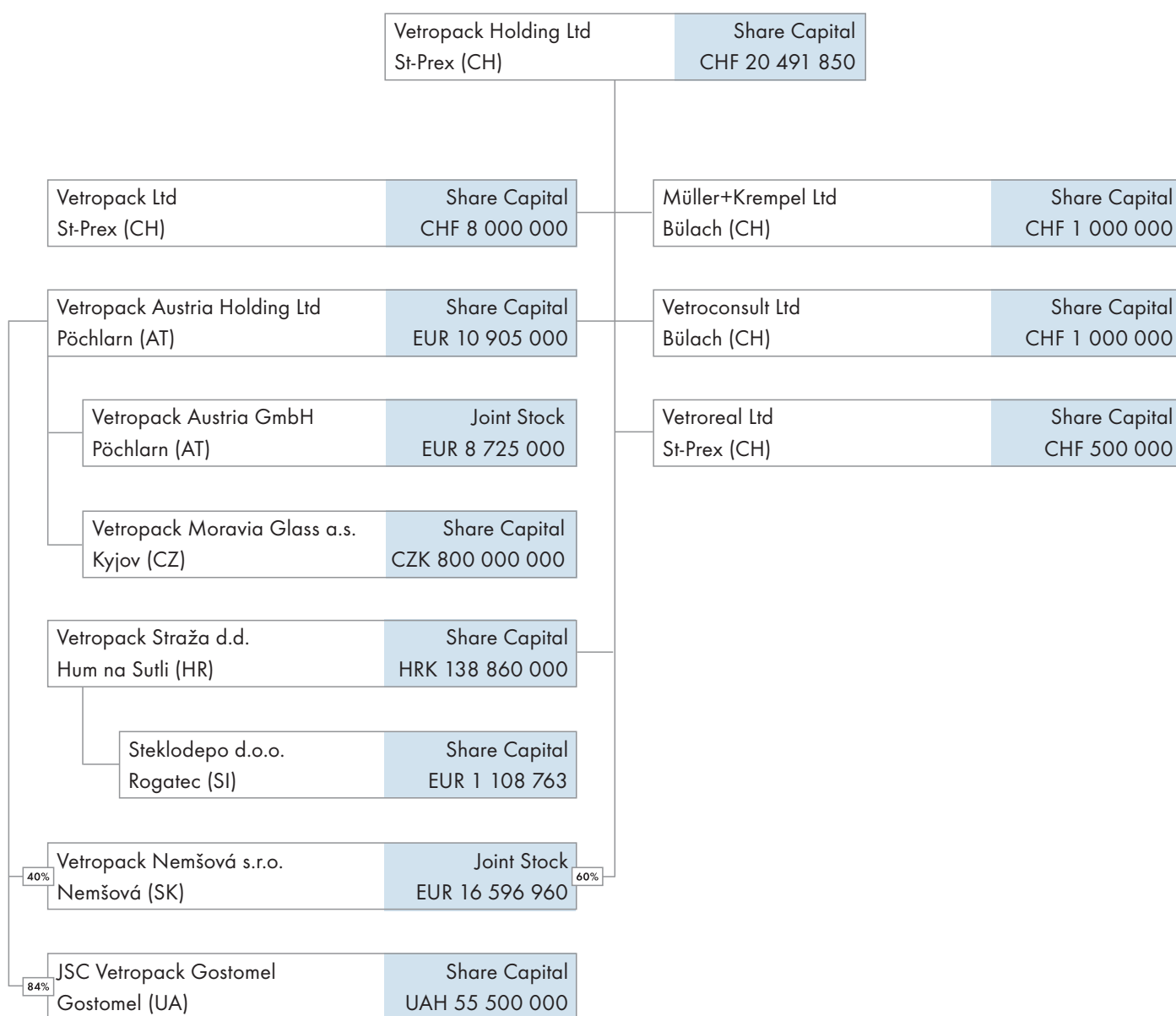
\* Currency income mainly includes currency losses of CHF 7.3 million on liquid assets and internal Group loans that remained unrealised during the year under review (2010: CHF 32.2 million).

30. Non-Operating Results	CHF millions	2010	2011
	Non-operating real estate income	2.6	2.4
	Loss from sale of non-operating real estate	- 0.2	0.0
	Non-operating real estate expenses	- 1.8	- 1.3
	Non-operating real estate depreciation / impairments	- 0.5	- 0.5
	Other non-operating income	0.2	0.1
	<b>Total</b>	0.3	0.7

31. Taxes	CHF millions	2010	2011
	Ongoing income taxes	13.2	16.3
	Deferred taxes	2.1	- 2.0
	<b>Total</b>	15.3	14.3

32. Investments	<b>Investment Breakdown</b>		
	CHF millions	2010	2011
	Switzerland	4.4	7.3
	Austria	5.0	37.0
	Czech Republic	26.7	3.8
	Croatia	3.1	8.2
	Slovakia	3.6	3.1
	Ukraine	2.9	10.0
	Slovenia	1.5	0.0
	<b>Total</b>	47.2	69.4

## Ownership Structure





## Company Participations

Company	Domicile	Currency	Share Capital	% Share	Consolidation	Owner
<b>Switzerland</b>						
Vetropack Holding Ltd	St-Prex	CHF	20 491 850*		K	the public
Vetropack Ltd	St-Prex	CHF	8 000 000	100	K	VPH
Vetroconsult Ltd	Bülach	CHF	1 000 000	100	K	VPH
Vetro-Recycling Ltd	Bülach	CHF	100 000	100	K	VPH
Müller + Krempel Ltd	Bülach	CHF	1 000 000	100	K	VPH
Vetoreal Ltd	St-Prex	CHF	500 000	100	K	VPH
GVZ GlasVerbundZukunft AG*	Dagmersellen	CHF	140 000	7**		VPS
<b>Austria</b>						
Vetropack Austria Holding AG	Pöchlarn	EUR	10 905 000	100	K	VPH
Vetropack Austria GmbH	Pöchlarn	EUR	8 725 000	100	K	VAH
Austria Glas Recycling Ges.m.b.H.	Wien	EUR	50 000	50	E	VPA
<b>Czech Republic</b>						
Vetropack Moravia Glass a.s.	Kyjov	CZK	800 000 000	100	K	VAH
<b>Croatia</b>						
Vetropack Straža d.d.	Hum na Sutli	HRK	138 860 000	100	K	VPH
Straža-lmo d.o.o.	Hum na Sutli	HRK	855 031	25.1	E	VST
<b>Slovenia</b>						
Steklodepo d.o.o.	Rogatec	EUR	1 108 763	100	K	VST
<b>Slovakia</b>						
Vetropack Nemšová s.r.o.	Nemšová	EUR	16 596 960	60/40	K	VPH/VAH
<b>Ukraine</b>						
JSC Vetropack Gostomel	Gostomel	UAH	55 500 000	83.9***	K	VAH

\* In the year under review the share capital was reduced by CHF 715,300.

\*\* In the year under review the shareholding was reduced from 20% to 7% and consequently no longer classified as an equity participation.

\*\*\* During the year under review the Group's stake in JSC Vetropack Gostomel increased from 83.5% to 83.9%

K = Fully consolidated companies

E = Equity method

VPH = Vetropack Holding Ltd

VPS = Vetropack Ltd

VAH = Vetropack Austria Holding AG

VPA = Vetropack Austria GmbH

VST = Vetropack Straža d.d.

As per 31<sup>st</sup> December 2011



Lovely and flat. The 75 cl wine bottle appears either as a traditional bottle or, depending on the angle, breaks every convention with its flattened side. The Geneva artist, Roger Pfund, reinvented the shape of the bottle and Vetropack produced it in Switzerland for Uvavins. The unusual bottle was awarded a Swiss Star and a World Star for Design.

## Report of the statutory auditor on the consolidated financial statements

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As statutory auditor, we have audited the consolidated financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 22 to 47), for the year ended 31 December 2011.

**Board of Directors' responsibility.** The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility.** Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

**Report on other legal requirements.** We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zürich, 20<sup>th</sup> March 2012, Ernst & Young Ltd

Markus Oppliger  
Licensed audit expert (Auditor in charge)

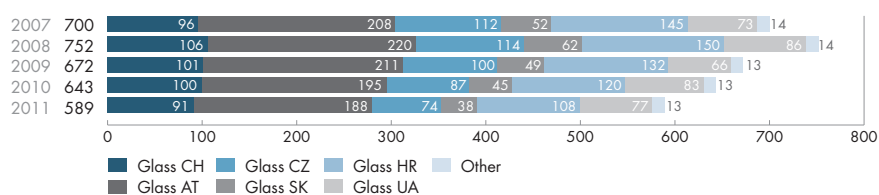
Christian Krämer  
Licensed audit expert

## Five Year Overview

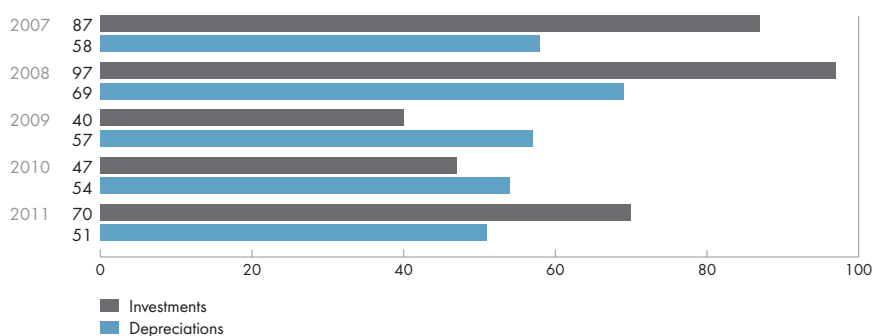
		2007	2008	2009	2010	2011
<b>Consolidated Income Statement</b>						
Revenue	CHF millions	699.6	752.0	671.5	642.6	589.4
Change from previous year	%	17.6	7.5	- 10.7	- 4.3	- 8.3
Number of employees	Positions	3 099	3 056	3 000	2 975	2'971
Revenue per employee	TCHF	226	246	224	216	198
Cash flow	CHF millions	156.0	150.0	137.9	122.6	117.3
Cash flow as % of gross revenue	%	22.3	19.9	20.5	19.1	19.9
Depreciations/Impairments on tangible assets*	CHF millions	57.7	69.0	56.7	54.4	50.7
Taxes	CHF millions	23.5	18.0	19.0	15.3	14.3
Net profit	CHF millions	100.9	78.5	78.4	38.7	59.0
<b>Consolidated Balance Sheet as per 31.12.2010</b>						
Investments in tangible assets	CHF millions	86.9	96.6	39.8	47.2	69.4
Total assets	CHF millions	859.6	801.5	804.8	714.7	766.2
Short-term assets	CHF millions	333.8	319.4	345.2	315.0	345.3
Long-term assets	CHF millions	525.8	482.1	459.6	399.7	420.9
Liabilities	CHF millions	345.6	269.5	221.9	168.2	197.1
Shareholders' equity	CHF millions	514.0	532.0	582.9	546.5	569.1
Gearing ratio	%	59.8	66.4	72.4	76.5	74.3

\*This includes amortisation on non-operating real estate and buildings.

## Consolidated Revenues 2007 – 2011 in CHF millions



## Investments and Depreciations 2007 – 2011 in CHF millions



Attractive perennial hit. Good bottle design is never boring because it has so many facets. The classic white glass bottle by Vetropack Straža in Croatia is proof: originally developed for mineral water, the customer, Podravka d.d., now also fills these aesthetically pleasing magic-makers with its brilliantly colourful fruit juices. The bottle shines with a new brilliance - from apple red to lemon yellow.



## Financial Reporting – Vetropack Holding Ltd

### Balance Sheet

CHF millions	Notes	31.12.2010	31.12.2011
<b>ASSETS</b>			
<b>Short-Term Assets</b>			
Liquid assets		55.8	52.9
Accounts receivables from Group companies		80.6	65.0
Other receivables and accruals	1	0.5	1.4
<b>Sub Total Short-Term Assets</b>		<b>136.9</b>	<b>119.3</b>
<b>Long-Term Assets</b>			
Tangible assets		0.4	0.4
Participations	2	73.8	79.9
Loans to Group companies		73.5	112.3
<b>Sub Total Long-Term Assets</b>		<b>147.7</b>	<b>192.6</b>
<b>Total Assets</b>		<b>284.6</b>	<b>311.9</b>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
<b>Short-Term Liabilities</b>			
- Financial debts		11.0	38.1
- Accounts payable to third parties	3	4.0	4.0
- Accounts payable to Group companies		2.9	3.1
- Provisions		0.1	0.9
<b>Long-Term Liabilities</b>			
- Financial debts		0.0	0.0
- Provisions		0.1	0.1
<b>Sub Total Liabilities</b>		<b>18.1</b>	<b>46.2</b>
<b>Shareholders' Equity</b>			
Share capital	4	21.2	20.5
General legal reserves		28.6	28.6
Legal reserves from capital investments		4.0	0.3
Reserves for own shares		16.3	0.0
Free reserves		98.2	117.9
<b>Profits</b>			
- Retained earnings brought forward from previous year		60.7	55.9
- Annual profit		37.5	42.5
<b>Sub Total Shareholders' Equity</b>		<b>266.5</b>	<b>265.7</b>
<b>Total Liabilities</b>		<b>284.6</b>	<b>311.9</b>

### Income Statement

CHF millions	Notes	2010	2011
<b>Income</b>			
Dividends and other income from Group companies	5	64.3	50.8
Interest and financial income		4.5	4.6
Other income		0.5	0.5
<b>Total Income</b>		<b>69.3</b>	<b>55.9</b>
<b>Expenses</b>			
Personnel expenses	6	7.2	7.1
Interest and financial expenses	7	21.3	3.1
Provisions and depreciation	8	- 2.8	- 5.8
Other operating expenses		6.0	8.1
Income taxes		0.1	0.9
<b>Total Expenses</b>		<b>31.8</b>	<b>13.4</b>
<b>Annual Profit</b>		<b>37.5</b>	<b>42.5</b>

### Remarks Concerning Closing Figures

#### 1. Other receivables and accruals

CHF millions	31.12.2010	31.12.2011
Reclaimable tax payments	0.2	0.4
Accruals	0.2	0.9
Other receivables	0.1	0.1
<b>Total</b>	<b>0.5</b>	<b>1.4</b>

#### 2. Participations

For details concerning the listing of Vetropack Holding Ltd's direct or indirect shareholdings refer to page 47. The increase of CHF 6.1 million is primarily due to the effects described in note 8.

#### 3. Accounts Payable to Third Parties

CHF millions	31.12.2010	31.12.2011
Suppliers	0.8	0.9
Deferrals	0.7	1.0
Other liabilities	2.5	2.1
<b>Total</b>	<b>4.0</b>	<b>4.0</b>

4. *Share Capital* In the year under review 14,306 shares were destroyed as per the resolution passed by the General Meeting on 11 May, 2011. Share capital currently stands at CHF 20.5 million. For details concerning this position refer to note 14 of Vetropack Group's financial statements.
5. *Dividends and Other Income from Group Companies* In addition to dividend income from subsidiaries this position also contains income generated from brand licences, as well as from services rendered by the Holding company.
6. *Personnel Expenses* As per 31.12.2011 Vetropack Holding Ltd employed 32 individuals (2010: 30).
7. *Interest and Financial Expenses* This position contains unrealised currency losses on intercompany loans and cash holdings amounting to CHF 3.1 million (2010: 17.2 million).
8. *Provisions and Depreciation* This position contains a liquidation of value adjustments no longer required on participations in the amount of CHF 6.0 million (2010: CHF 3.0 million).

#### **Additional Information**

9. *Liabilities Against Pension Funds* In the previous year liabilities against pension funds were CHF 0.8 million. As per 31.12.2011 there is a surplus.
10. *Hidden Reserves* During the year under review, hidden reserves of CHF 6.0 million (2010: CHF 2.9 million) were utilised.
11. *Own Shares* For details regarding own shares refer to note 15 of Vetropack Group's financial statements.
12. *Fire Insurance Value* The value of fixed assets insured against fire equalled CHF 1.6 million (2010: CHF 1.1 million).
13. *Contingent Liabilities* In order to guarantee bank credits made to foreign subsidiaries, letters of comfort in the amount of CHF 39.3 million were signed (2010: CHF 52.5 million).
14. *Risk Assessment* The risk assessment was carried out at Group level. For the definition of principle of risk assessment, please refer to Corporate Governance section.



15. *Joint Liability*

In the framework of VAT group taxation, all affiliated Swiss companies within the Vetropack Group are solitarily liable for total debt owed to the federal tax authorities.

16. *Disclosure in Accordance with Swiss Obligations Code 663 b<sup>bis</sup>*

For information concerning the process by which remuneration levels are defined refer to the Corporate Governance section.

### Board of Directors' (BoD) Remuneration

Only cash benefits were paid to members of the BoD in 2011. During the year under review, no shares, options, loans, additional fees and emoluments, severance payments nor remuneration of any other kind were disbursed neither to members of the BoD, former members of the BoD, nor persons closely associated with them.

in CHF					
	Cash	Social Security Contributions	FAK/Administrative Costs	Total Social Security Contributions	Total
<b>2010 BoD Remuneration</b>					
Hans R. Rüegg, Chairman	111 907	6 820	1 337	8 157	120 064
Richard Fritschi, Vice-Chairman	80 000	5 000	968	5 968	85 968
Claude R. Cornaz, CEO	52 770	2 718	639	3 357	56 127
Pascal Cornaz, Board Member	53 333	3 333	645	3 978	57 311
Werner Degen, Board Member	51 803	1 803	424	2 227	54 030
Rudolf W. Fischer, Board Member	53 333	3 333	645	3 978	57 311
Jean-Philippe Rochat, Board Member	53 333	3 333	645	3 978	57 311
<b>Total</b>	<b>456 479</b>	<b>26 340</b>	<b>5 303</b>	<b>31 643</b>	<b>488 122</b>
<b>2011 BoD Remuneration</b>					
Hans R. Rüegg, Chairman	109 789	4 789	1 116	5 905	115 694
Richard Fritschi, Vice-Chairman	80 000	5 000	960	5 960	85 960
Claude R. Cornaz, CEO	52 715	2 715	633	3 348	56 063
Pascal Cornaz, Board Member	53 333	3 333	640	3 973	57 306
Werner Degen, Board Member	51 803	1 803	420	2 223	54 026
Rudolf W. Fischer, Board Member	53 333	3 333	640	3 973	57 306
Jean-Philippe Rochat, Board Member	53 333	3 333	640	3 973	57 306
<b>Total</b>	<b>454 306</b>	<b>24 306</b>	<b>5 049</b>	<b>29 355</b>	<b>483 661</b>

## Management Board's (MB) Remuneration

During the year under review, no shares, options, loans, additional fees and emoluments, severance payments nor remuneration of any other kind were disbursed neither to members of the MB, former members of the MB, nor persons closely associated with them.

in CHF					
	Basic Salary	Bonus	Pension Social Security Contributions	Payments in Kind	Total
<b>2010 MB Remuneration</b>					
Total for MB	1 901 649	408 857	546 164	49 202	2 905 872
Highest level of remuneration*	600 600	142 516	185 326	4 282	932 724
<b>2011 MB Remuneration</b>					
Total for MB	2 100 728	668 737	658 120	40 339	3 467 924
Highest level of remuneration*	606 620	191 678	196 748	4 282	999 328

\* Claude R. Cornaz, CEO

### 17. Disclosure in Accordance with Swiss Obligations Code 663 c

The table below lists the number of shares held by members of the BoD and MB as per 31.12.2011. Shares held by closely associated persons are included in the total for the respective individual.

Voting Rights	Registered Shares 2010		Bearer Shares 2010		Registered Shares 2011		Bearer Shares 2011	
	Number	%	Number	%	Number	%	Number	%
Hans R. Rüegg	0	(-)	100	(<0.1%)	0	(-)	100	(<0.1%)
Pascal Cornaz	5 000	(0.4%)	0	(-)	5 000	(0.5%)	0	(-)
Werner Degen	0	(-)	20	(<0.1%)	0	(-)	20	(<0.1%)
Rudolf Fischer	0	(-)	10	(<0.1%)	0	(-)	10	(<0.1%)
Richard Fritschi	0	(-)	250	(<0.1%)	0	(-)	250	(<0.1%)
Jean-Philippe Rochat	0	(-)	10	(<0.1%)	0	(-)	10	(<0.1%)
<b>Total</b>	5 000	(0.4%)	390	(<0.1%)	5 000	(0.5%)	390	(<0.1%)
Claude R. Cornaz	1 381	(0.1%)	215	(<0.1%)	1 421	(0.1%)	215	(<0.1%)
David Zak	0	(-)	51	(<0.1%)	0	(-)	51	(<0.1%)
Günter Lubitz	0	(-)	100	(<0.1%)	0	(-)	110	(<0.1%)
Marcello Montisci	0	(-)	0	(<0.1%)	0	(-)	0	(<0.1%)
Johann Reiter	0	(-)	0	(-)	0	(-)	0	(-)
Dragutin Špiljak	0	(-)	0	(-)	0	(-)	0	(-)
<b>Total</b>	1 381	(0.1%)	366	(<0.1%)	1 421	(0.1%)	376	(<0.1%)

## The Board of Directors' (BoD) Proposal for Corporate Profit Appropriation

The Board of Directors proposes the following appropriation of profits to the annual general assembly of shareholders (AGA):

CHF millions	2010	2011
Retained earnings brought forward from previous year	60.7	55.9
Annual profit	37.5	42.5
Total profit at the disposal of the AGA	98.2	98.3
Transfer of legal reserves from capital contribution into retained earnings	3.7	0.0
Transfer of free reserves from capital contribution into retained earnings	2.5	0.0
Total amount available for dividend distribution	104.4	98.4
Dividend distribution of 70% (2010: 90%) of dividend authorised capital	18.5	14.3
Allocation to free reserves	30.0	30.0
Retained earnings	55.9	54.0

Acceptance of this proposal results in the following dividend payments:

in CHF	Gross Dividend	35% Withholding Tax	Net Dividend
Bearer shares CHF 50.00 nominal value	35.00	12.25	22.75
Registered shares CHF 10.00 nominal value	7.00	2.45	4.55

The dividend payment is to be paid to registered shareholders on 18<sup>th</sup> May 2012 via the usual appointed paying agents. Payment to holders of bearer shares is to be made in exchange for coupon number 15 at the Swiss branch offices of the following banks: Banque Cantonale Vaudoise, UBS, Credit Suisse, Zürcher Kantonalbank.

## Report of the statutory auditor on the financial statements

---

As statutory auditor, we have audited the financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement and notes (pages 52 to 57), for the year ended 31 December 2011.

**Board of Directors' responsibility.** The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility.** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

**Report on other legal requirements.** We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 20<sup>th</sup> March 2012, Ernst & Young Ltd

Markus Oppliger  
Licensed audit expert (Auditor in charge)

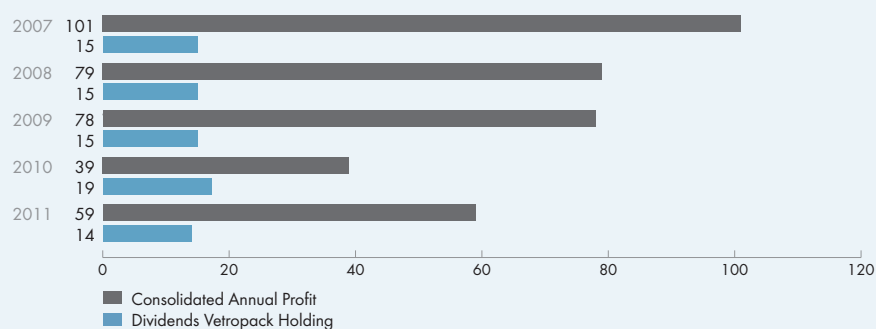
Christian Krämer  
Licensed audit expert

## Five Year Overview

	2007	2008	2009	2010	2011
<b>Income Statement and Balance Sheet (in CHF millions)</b>					
Dividends and other income from affiliated companies	34.3	90.6	79.9	64.3	50.8
Net profit	17.6	71.7	68.5	37.5	42.5
Total assets	153.4	196.5	248.3	284.6	311.9
Participations	71.9	66.9	66.9	73.8	79.9
Share capital	21.4	21.4	21.2	21.2	20.5
Shareholders' equity	133.8	190.5	239.8	266.5	265.7
<b>Share Details (in CHF)</b>					
Share prices					
- Bearer share high	2 439	2 710	1 860	2 055	1 980
- Bearer share low	1 350	1 180	1 032	1 525	1 296
Dividends					
- Bearer share	35.00	35.00	35.00	45.00	*35.00
- Registered share	7.00	7.00	7.00	9.00	*7.00
Distribution ratio in %	14.8	19.1	18.8	47.7	24.3

\* Motion for the AGA on 9<sup>th</sup> May 2012.

## Consolidated Annual Profit and Dividends 2007 – 2011 in CHF millions



A heritage bottle. The original Almdudler shaped bottle is regarded as the most iconic glass packaging in Austria. The unmistakable, sparkling herbal taste and the printed couple in their traditional costumes embody the Austrian attitude to life – a wink of the eye, a lightness of heart and no boundaries. The cult bottle, which emphasises the individuality and unique nature of the lemonade, is produced by Vetropack Austria.



## Corporate Governance

The following explanations contain fundamental information for the Vetropack Group as laid out in the Corporate Governance Guidelines defined by the SIX Swiss Exchange as per 1<sup>st</sup> July 2002, resp. 1<sup>st</sup> January 2007.

*Operational Group Structure*

Refer to the illustration on page 74.

*Group Companies*

For Shareholdings and their Percentage Breakdowns, refer to the illustration on page 47.

*Capital Structure*

For details of the share capital, refer to commentary 14 on page 38. For details of changes in capital structure within the last three years, refer to table "Changes in Consolidated Shareholders' Equity" on page 26. Vetropack Holding Ltd does not issue options on participation rights.

*Dividends*

Registered and bearer shares are dividend bearing.

*List of Major Shareholders with Holdings > 3%*

	31.12.2010			31.12.2011		
	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %
<b>Cornaz AG-Holding</b>						
Oberrieden	700 796	19 347	63.8	701 546	19 853	64.8
<b>Elisabeth Leon-Cornaz</b>						
St-Prex	56 868		5.0	56 868		5.1
<b>La Licorne Holding SA</b>						
Martigny	50 722		4.5	50 722		4.6
<b>Paul-Henri Cornaz</b>						
Luzern	40 000	648	3.6	40 000	648	3.6

A shareholders' lock-in agreement exists between the shareholders of Cornaz AG-Holding. A shareholders' agreement exists between Cornaz AG-Holding, and the shareholders mentioned above, as well as two further shareholders. The core elements of both agreements are:

- Uniform exercise of voting rights at the AGA.
- Mutual obligation to offer shares to parties to the agreement.

*Board of Directors (BoD)*

**Principles Underlying the Voting Procedure for Members of the Board of Directors and their Terms of Office.** Each BoD member is individually elected by the Annual General Assembly of shareholders (AGA) for a period of three years. The BoD constitutes itself and elects from amongst its members a President, a Vice President and one or more Delegates. It also elects a Secretary, who need not be a BoD member.

**BoD Duties.** The BoD performs its duties as laid out in the Swiss Code of Obligations (CO) 716a items one to five. The BoD Chairman has the following additional main duties:

- Preparing and drawing up the invitations to the AGA jointly with the CEO.
- Drawing up the agenda for BoD meetings, and issuing invitations and relevant documentation jointly with the CEO.
- Chairing the AGA and the BoD meetings.
- Monitoring the implementation of resolutions passed by the AGA and the BoD.
- In urgent cases, the BoD Chairman can conclude transactions that fall within the competence of the BoD by executive decision. Any such actions are communicated in writing without delay to the BoD.

**Respective Areas of Responsibility for the BoD and Management Board (MB).** The duties that the BoD has not reserved to itself as laid out in CO 716a items one to five are delegated to the MB. This means that the MB can act freely within the guidelines laid down by the BoD, but it is also fully responsible for the operational management of the Group.

**Working Methods.** In 2011 the BoD exercised its overall supervisory and monitoring role by receiving oral and written reports from the MB at five regular annual meetings, by consulting amongst its members, and by reaching decisions in relation to any motions raised. Ordinary BoD meetings normally last at least four hours. The head auditor was invited to the March meeting to disclose the results of the external audit. Moreover, a two-day strategy meeting was held in August. During the November meeting internal audit results were discussed, and suggested improvement measures were delegated to the MB for implementation. A further nine annual meetings were held, exclusively involving the BoD Chairman, the CEO, and the CFO. They discussed operational topics, preparations for ordinary meetings, as well as reports from internal audit. The BoD is regularly informed regarding the Group's commercial state of affairs and planning via written Monthly, Semi-Annual and Annual Reports, and receives a planning dossier at both company and Group levels (three year plan). As of 2011 the BoD forms a nomination and compensation committee whose task is to regularly check the BoD and MB's remuneration scheme. If necessary they will make adjustments and recommend concrete compensation proposals for the members of the BoD and the CEO to the entire BoD for resolution. The committee takes independent decisions regarding the remuneration of the extended MB. In addition, the committee prepares the medium and long term human resources planning for the members of the BoD and the MB. The committee is formed of the following members: Rudolf Fischer (Chairman), Richard Fritschi and Claude R. Cornaz. The term of office is a period of one year and the members are elected by the entire BoD. The committee had a session in November 2011. With the exception of this compensation committee, the BoD forms no committees.

**Risk Assessment:** Vetropack Holding Ltd utilises a risk management system that enables the identification, early recognition, and analysis of risks in order for the company to take appropriate action. The system's scope includes strategic, operational, financial, and compliance risks. It covers not only Vetropack Holding Ltd's risks, but also the key risks of its subsidiaries.

All systematically identified risks are listed according to rank. This risk ranking system is formulated from a risk probability matrix. Management is actively involved in drawing up annually the matrix and in keeping it up to date. During the year under review, the Board of Directors dealt with the topic of risk assessment in its August meeting.



## BoD Members

	Position	Nationality	Appointed	Elected till
Hans R. Rüegg	Chairman, non-executive	CH	1993	May 2012
Richard Fritschi	Vice-Chairman, non-executive	CH	2005	May 2012
Claude R. Cornaz	Delegate, executive	CH	1998	May 2012
Pascal Cornaz	Member, non-executive	CH	2009	May 2012
Werner Degen	Member, non-executive	CH	1997	May 2012
Rudolf W. Fischer	Member, non-executive	CH	2000	May 2012
Jean-Philippe Rochat	Member, non-executive	CH	2006	May 2012

The reelection of each individual elected member was held at the 2009 ordinary AGA, and is valid from fiscal years 2009 - 2011.

### Hans R. Rüegg (1946, Rüti ZH)

Dipl. El. Ing. ETH, Zürich, Switzerland / MBA, University of Florida, Gainesville, USA

1983 - 1993	Delegate of the BoD, Baumann Federn AG, Rüti, Switzerland
1993 - 2011	Chairman and Delegate of the BoD, Baumann Federn AG, Rüti, Switzerland
2005 - present	Chairman of the BoD, Vetropack Holding Ltd
2011 - present	Chairman of the BoD, Baumann Federn AG, Rüti, Switzerland

Governing Mandates: Vice-Chairman, Dätwyler Holding AG, Altdorf, Switzerland / Chairman of the Audit Committee, Dätwyler Holding AG, Switzerland

### Richard Fritschi (1960, Oberrieden ZH)

Dipl. Commercial Controller, SIB; Zürich, Switzerland

1979 - 1985	Various functions for Luwa SA, in Zürich, Switzerland and England
1985 - 1987	Project Controller, Airchal-Luwa SA, Paris, France
1987 - 1991	Head of Finance and Administration, Isolag AG, Zürich, Switzerland
1991 - 1999	Head of Finance, Allo Pro/Sulzer Orthopädie, Baar/Winterthur, Switzerland
1999 - 2001	Head of Sales, Sulzer Orthopädie/Sulzermedica, Winterthur, Switzerland
2001 - 2003	President Europe/Asia/South America, Sulzer Orthopädie/Sulzermedica, Winterthur Switzerland
2003 - 2005	President Europe/Australasia, ZIMMER, Winterthur, Switzerland
2006 - 08/2011	CEO, Ypsomed AG, Burgdorf, Switzerland
09/2011 - present	Executive Director of Biodenta Holding Corp., Taipei/Taiwan

Governing Mandates: Chairman, Cornaz AG-Holding, Oberrieden, Switzerland / Chairman and Member of various subsidiary companies of the Ypsomed Group (until end of August 2011) / BoD Member, Fromm Holding AG, Cham, Switzerland / Chairman, Biodenta Swiss AG and Member of Biodenta Corp., Taiwan (as of September 2011)

**Claude R. Cornaz** (1961, Bülach ZH)

Dipl. Mechanical Engineering, ETH/BWI, Zürich, Switzerland

1987 - 1989	Management Services Contraves AG, Zürich, Switzerland
1989 - 1993	Project Engineer, Nestec in Vevey Switzerland and Thailand
1993 - 1999	Head of Corporate Development and Head of Technology & Production Vetropack Group
1996 - present	MB Member, Vetropack Group
2000 - present	CEO of Vetropack Holding Ltd

Governing Mandates: Member, Bucher Industries AG Niederweningen, Switzerland / Vice-Chairman, H. Goessler AG, Zürich, Switzerland / Vice-Chairman, Cornaz AG-Holding, Oberrieden, Switzerland / Member of Glas Trösch Holding AG, Bützberg, Switzerland

Offices: BoD Member of the European Federation for Glass Packaging (FEVE), Brussels, Belgium / Chairman of the Swiss Packaging Institute (SVI), Bern, Switzerland

**Pascal Cornaz** (1971, Les Paccots FR)

Dipl. Purchaser, Switzerland

1995 - 2005	Various functions in technical customer support, purchasing, and logistics, Switzerland
2005 - 2007	Member of the Executive Board of Giovanni Holding SA, Clarens, Switzerland
2008 - 2011	Member of the Executive Board of Ginox SA, Clarens, Switzerland Head of Customer Service

**Werner Degen** (1941, Liestal BL)

Dipl. Electrical Engineering, ETH, Zurich, Switzerland

1979 - 1988	Various functions within the chemicals industry: CEO and Delegate, Plüss-Staufner AG, Oftringen, Switzerland COO and Head of Plastics Division, EMS Group; Ems, Switzerland Delegate, EMS-Chemie Holding, Herrliberg, Switzerland
1989 - present	Independent Industry Consultant

Governing Mandates: Chairman, Sunstar Holding AG, Liestal, Switzerland

**Rudolf W. Fischer** (1952, Walchwil ZG)

PhD. Economics. publ., University of Zürich, Switzerland

1982 - 1991	Various management positions in HR and Trade Marketing, Jacobs Suchard, Switzerland and Belgium
1991 - 1994	CEO Jockey (Switzerland), Uster, Switzerland part of the Austrian Huber Tricot Group (91 & 92), and Hanro AG, Liestal (93 & 94), Switzerland
1994 - 1995	Partner Bjørn Johansson Associates, Executive Search, Zürich, Switzerland
1996 - present	Group Management Member, responsible for HR and Training Schindler Lifts + Escalators, Ebikon, Switzerland

Governing Mandates: Member, several companies within Schindler Group, Ebikon, Switzerland

**Jean-Philippe Rochat** (1957, Lausanne VD)

Lic. iur. Law, University of Lausanne, Lausanne, Switzerland

1980 - 1984	Publicitas Ltd, Lausanne, Bern and Basel, Switzerland
1984 - 1985	Fiduciaire Fidinter Ltd, Lausanne, Switzerland
1985 - 1987	Legal internship in Geneva, Switzerland
1987 - 1989	Lawyer, Pfyffer, Argand, Troller & Associates, Geneva, Switzerland
1989 - 2007	Partner Lawyer at Carrard, Paschoud, Heim et Associés, Lausanne, Switzerland
2008 - present	Partner Lawyer at Carrard et Associés, Lausanne, Switzerland

Governing Mandates: Chairman, Beaulieu Exploitation SA, Lausanne, Switzerland / Member, Banque Bénédict Hentsch SA, Geneva, Switzerland / Member, PKB Privatbank, Lugano, Switzerland / Member, Investissements Foncières SA - La Foncière, Lausanne, Switzerland / Member, Vaudoise Holding SA, Lausanne, Switzerland

Offices: President of "Commission des Désignations des Vins Vaudois", Switzerland / Member of the Strategy Council "Chambre Vaudoise du Commerce et de l'Industrie" (CVCI), Lausanne, Switzerland / Honorary consul of Finland in Lausanne, Switzerland

Members of the BoD for Vetropack Holding Ltd do not sit with other BoD members on the boards of other listed companies, nor are there any business relationships between the BoD members and Vetropack Holding Ltd. Four BoD members (Claude R. Cornaz, Werner Degen, Jean-Philippe Rochat and Hans R. Rüegg) also act as directors of other listed companies as set out on pages 63 to 65 of this report.



Black is beautiful. Elegance and power, laced with a hint of mystery; that is what the mother of all colours stands for. Black is a cult and considered particularly trendy, not only among artists, fashionists and designers. Hence black glass bottles and their contents are also something very special. That is evident from the very first glance. Glass which is black, through and through – feeder colouring makes it possible.

### MB Members

	Position	Nationality	Appointed
Claude R. Cornaz	CEO	CH	1.5.1993
David Zak	CFO	CH	1.5.2002
Günter Lubitz	GM Technology and Production	DE	1.6.2003
Johann Reiter	GM Business Division Switzerland/Austria	AT	1.11.2010
Marcello Montisci	GM Marketing/Sales/Production Planning	IT	1.3.2005
Dragutin Špiljak	GM Business Division Croatia	HR	5.9.1996

#### **Claude R. Cornaz** (1961)

Dipl. Mechanical Engineering, ETH/BWI, Zürich, Switzerland

1987 - 1989	Management Services, Contraves AG, Zürich, Switzerland
1989 - 1993	Project Engineer, Nestec in Vevey Switzerland and Thailand
1993 - 1999	Head of Corporate Development for Technology and Production, Vetropack Group
1996 - present	MB Member, Vetropack Group
2000 - present	CEO of Vetropack Holding Ltd

#### **David Zak** (1965)

BSc., Business Administration, Boston University, Boston, USA

1989 - 1997	Various international Finance and Management positions within the ABB Group, including Controller for ABB Holding AG, Zürich, Switzerland Vice-Chairman, ABB s.r.o., Prague, Czech Republic
1998 - 2002	CFO, Studer Professional Audio AG, Regensdorf, Switzerland
05/2002 - present	CFO, Vetropack Holding Ltd MB Member, Vetropack Group

#### **Günter Lubitz** (1953)

Dipl. Engineer, Glass and Ceramics Engineer, University of Duisburg, Duisburg, Germany

1977 - 1985	Management Positions as Production Engineer and Head of Production within the German glass packaging industry
1985 - 1988	Production Manager and Technical Director at Bangkok Glass Industry, Bangkok, Thailand
1989 - 2003	Technical and Works Manager at various glass packaging companies in Germany
06/2003 - present	Head of Technology and Production for the Vetropack Group MB Member, Vetropack Group

**Johann Reiter (1960)**

Dipl. Industrial & Mechanical Engineering, HTL, Kapfenberg, Austria

- 1976 - 2010      Diverse functions at Böhler Edelstahl GmbH & Co KG, Kapfenberg, Austria, including business area manager for freeform forge and casting parts
- 11/2010 - present    GM Business Division Switzerland / Austria  
MB member, Vetropack Group

**Marcello Montisci (1954)**

PhD., Electrical Engineering, University of Rome, Italy

MBA, Università Commerciale Luigi Bocconi, Milan, Italy

- 1980 - 1985      Technical Sales, VARIAN, Turin, Italy
- 1985 - 1991      Various management functions, AXIS Spa, Florence, Italy  
Including four years in the USA
- 1991 - 2001      Commercial Director, AVIR Spa, Milan (O.I.), Italy
- 2001 - 2005      MD, United Hungarian Glass, (O.I.), Oroshaza, Hungary
- 03/2005 - present    Head of Marketing/Sales/Production Planning, Vetropack Group
- 02/2006 - present    MB Member, Vetropack Group
- 2006 - 2009      Division Head, Czech and Slovaak Republics, Kyjov

**Dragutin Špiljak (1947)**

Dipl. Mechanical Engineering, University of Zagreb, Croatia

- 1972 - 1986      Head of Production, Straža Glassworks, Straža, Croatia
- 1986 - 1990      Major of the municipality of Pregrada, Croatia, and Croatian Member of Parliament
- 1990 - 1992      Technical Director, Straža Glassworks, Straža, Croatia
- 1992 - present      MD, Straža Glassworks, Straža (taken over by Vetropack Group in 1996)
- 1996 - present      MD, Vetropack Straža d.d., Straža, Croatia  
Extended MB member, Vetropack Group
- 2006 - 2011      Division Head, Croatia  
MB Member, Vetropack Group

There are no management agreements between Vetropack Holding Ltd and companies, nor individuals outside the Group.

**Content and Method of Determining Remuneration.** The BoD exercise their discretionary authority to determine the principles underlying their own remuneration concept, including salary bands, as well as that of the MB.

The remuneration level allocated to BoD members is determined by the BoD as a whole, within the framework of the remuneration concept. Only fixed cash benefits are paid. No share nor option plans exist.

The remuneration level allocated to MB members is determined to a basic remuneration level reflecting the responsibility borne by an individual, there is a variable performance related component of up to 60% of basic remuneration, which is based on the results of the business unit and/or the Group. Remuneration is not made in the form of shares, options, nor loans. It is determined by the Nomination and Compensation Committee (NCC) on the basis of the process set out on page 62. Details relating to remuneration and disclosure, as specified in CO Art. 663b and 663c, can be found on pages 55 and 56.

**Voting Rights, Voting Rights Restrictions and Representation.** Each registered or bearer share has one voting right. There is no representation restriction in respect of bearer shares. Registered shares can only be represented by other holders of registered shares (persons or legal entities).

**Statutory Quorums.** The Articles of Association of Vetropack Holding Ltd specify only the statutory requirements as laid out in Articles 703 and 704 of the Code of Obligations.

**Convocation of the AGA.** The invitation is issued at least 20 days prior to proposed date of the assembly. Within the invitation the shareholders are informed of business items to be negotiated during the assembly, as well as motions proposed by the BoD, and by shareholders who have demanded that a given business item be placed on the agenda. Extraordinary General Assemblies (EGAs) are convened as necessary and as defined by legal precedent. Shareholders representing at least one tenth of total share capital can demand convocation of an EGA at any time.

**Composition of the Agenda for the AGA.** Shareholders who represent shares with a nominal value of CHF 1,000,000 can demand that a business item is placed on the agenda. This request must be submitted in writing to the Chairman of the BoD at least 40 days prior to AGA.

**Transfer Provisions.** There are no ownership nor transfer restrictions for registered or bearer shares. Transfers of registered shares must be reported to the Shareholders' Office of Vetropack Holding Ltd.

**Registrations in the Share Register.** For the voting right to be exercised, registration must take place at least 20 days prior to the AGA.

**Changes of Control and Defence Measures.** There is no statutory regulation in relation to "opting-out" nor "opting-up". There are no clauses on changes of control in favour of members of the BoD or the MB.

*Auditors*

**Mandate.** Ernst & Young Ltd have been auditors for Vetropack Holding Ltd since 1995. The head auditor has been responsible for the auditing mandate since 2006. The head auditor is changed every seven years.

**Fees.** During the year under review, Ernst & Young Ltd invoiced Vetropack Group in the amount of CHF 0.3 million for auditing services in respect of the accounts of the individual Group companies and the consolidated accounts. Ernst & Young Ltd also invoiced CHF 0.04 million for services relating to auditing activities. Some of the Group companies are audited by other auditors.

**Supervisory and Control Instruments Vis-à-Vis the External Auditors.** At the ordinary November meeting the entire BoD reviews the scope and key aspects of the external audit, including key aspects for auditing the internal control system of the current year. At the ordinary March meeting all BoD members are informed of audit results both in writing (Auditors' Report, Group Auditors' Report, Management Letter, Explanatory Notes) and verbally (the lead auditor attends the BoD's March meeting). In February the main points and results of audits carried out at subsidiaries are also discussed with auditors at the ordinary meetings of the governing body of each subsidiary. A member of the BoD is present at these meetings. With the help of the above-mentioned information sources, the BoD annually assesses both the statutory auditors' and group auditors' performance and independence during the march meeting. The BoD annually analyses the development of external audit costs (multiple year comparison).

*Information Policy*

**Vetropack Holding Ltd Provides Information Through the Following Channels:** Annual Report, Annual Press Conference, Annual General Assembly, and Semi-Annual Report. Current information is available via the company's website at [www.vetropack.com](http://www.vetropack.com). Press releases are published under the "News" header ([http://www.vetropack.com/htm/presse\\_list\\_3.htm](http://www.vetropack.com/htm/presse_list_3.htm)). Under the "Investor Relations" header ([http://www.vetropack.com/htm/investorrel\\_3.htm](http://www.vetropack.com/htm/investorrel_3.htm)) key figures, financial agenda, news subscription, articles of association, minutes of the last AGA and contact information are published. By registering for the newsletter (push mail), one automatically receives an e-mail directing to newly released investor relations information pages on the company's website ([http://www.vetropack.com/htm/newsletter\\_3.htm](http://www.vetropack.com/htm/newsletter_3.htm)).

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100 years of Verrerie de St-Prex, 1911 - 2011. Vetropack celebrated its birthday and gave itself a present of a centenary bottle: a very special one for sparkling moments. The relief makes reference to the anniversary and faceted indentations of different widths play on the digits of the centenary number and create the individuality of the form. The bottle represents the fine art of industrial production.

## Organisation

Extended Group  
Management as per  
1<sup>st</sup> January 2012

From left to right:

Gregor Gábel

Inge Jost

Andriy Girnyk

Marcello Montisci

David Zak

Claude R. Cornaz

Tihomir Premužak\*

Günter Lubitz

Elisabeth Boner

Johann Reiter

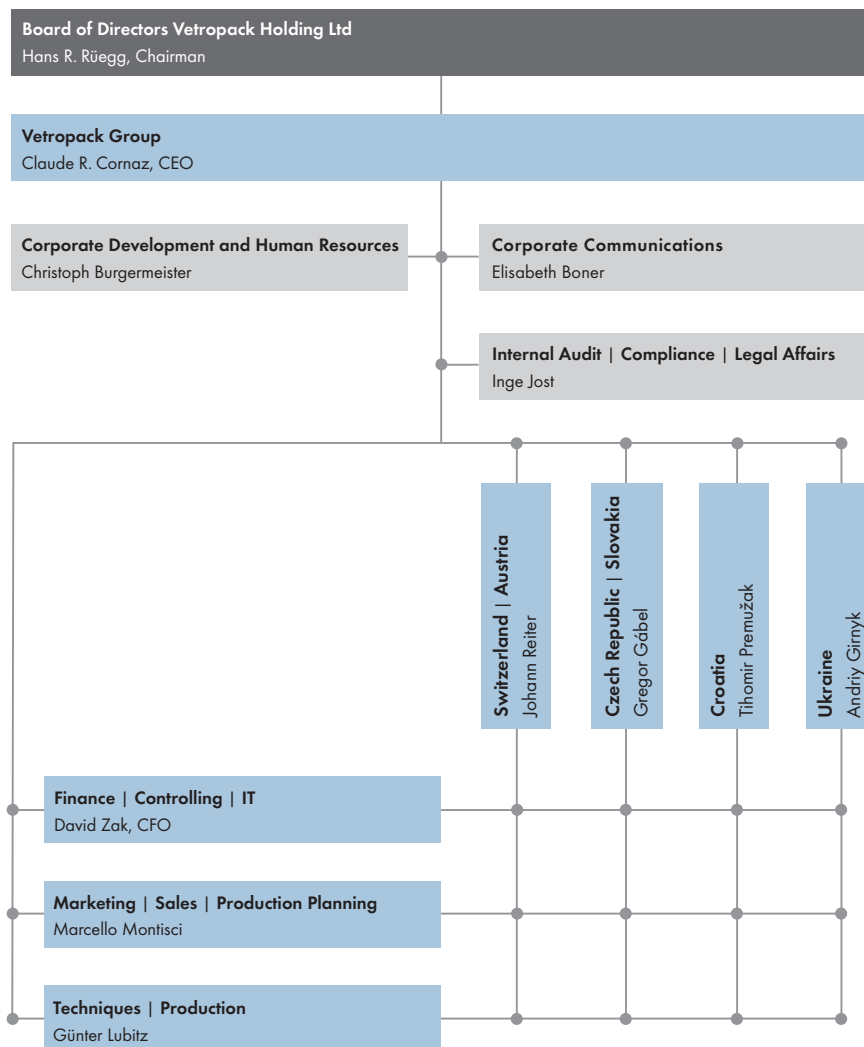
Christoph Burgermeister

*\*as of 1<sup>st</sup> January 2012*





## Organisation as per 1<sup>st</sup> January 2012



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**Group Management Board**

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Claude R. Cornaz, CEO

David Zak, CFO

Günter Lubitz

Johann Reiter

Marcello Montisci

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**Finance, Controlling and IT**

---

David Zak

- Shared Service Centre Switzerland Christian Trösch\*

- Group Controlling and Accounting Adriano Melchiorretto

- IT Bruno Hennig

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**Marketing, Sales and Production Planning**

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Marcello Montisci

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**Techniques and Production**

---

Günter Lubitz

---

**Corporate Development and Human Resources**

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Christoph Burgermeister

---

**Corporate Communication**

---

Elisabeth Boner

---

**Internal Audit, Compliance, Legal Affairs**

---

Inge Jost

---

**Business Division Switzerland/Austria**

---

Johann Reiter

**Marketing + Sales** Herbert Kühberger

- Switzerland Alexander Rech

- Austria Herbert Kühberger

- Export Europe West Leopold Siegel

**Finance + Administration** Eduard Steininger

**Logistics** Helmut Artacker

**Techniques** Knut Ludwig

- St-Prex Plant Knut Ludwig

- Pöchlarn Plant Franz Kendl

- Kremsmünster Plant Knut Ludwig

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**Business Division Czech Republic/Slovakia**

---

Gregor Gábel

**Marketing + Sales** Dana Švejcarová

- Czech Republic Dana Švejcarová

- Slovakia Zuzana Hudecová

- Export Europe East Vlastimil Ostrezi

**Logistics** Jaroslav Mikliš

---

**Kyjov Plant**

- Production Attila Hosszú

- Techniques Miloš Kostýlek

- Finance Milan Kucharčík

---

**Nemšová Plant**

- Production Roman Fait

- Techniques Miroslav Šebík

- Finance Eva Vanková

---

**Business Division Croatia**

---

Tihomir Premužak

**Marketing + Sales** Darko Šlogar

**Logistics** Josip Debeljak

**Finance** Marija Špiljak

**Personnel + IT** Damir Gorup

**Production** Josip Šolman

**Techniques** Velimir Mrkus

---

**Business Division Ukraine**

---

Andriy Girnyk

**Marketing + Sales** Sergey Isaenko

**Logistics** Vladimir Lysenko

**Finance** Nataliia Bukreieva

**Controlling** Andriy Konoval

**Personnel** Viktor Sytnikov

**Production** Oleksandr Voznyuk

**Techniques** Attila Müller

---

**Group Companies**

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Vetroconsult Ltd Günter Lubitz

Müller + Krempel Ltd Mark Isler

Vetoreal Ltd Hans Fahrni

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\* as of 13th March 2012



St-Prex Plant  
(Switzerland)



Pöchlarn Plant  
(Austria)



Kremsmünster Plant  
(Austria)



Kyjov Plant  
(Czech Republic)



Nemšová Plant  
(Slovakia)



Hum na Sutli Plant  
(Croatia)



Gostomel Plant  
(Ukraine)

## Vetropack – Our Glassworks

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